#45
New No. —
-A
-B

LAW OFFICES
ALVORD AND ALVORD
200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N W
WASHINGTON, D.C.
20006-2973
(202) 393-2266

ELIAS C ALVORD (1942)
ELLSWORTH C ALVORD (1964)

ROBERT W ALVORD+
CHARLES T KAPPLER
JOHN H DOYLE*
JAMES C MARTIN JR*

+ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN MARYLAND

OF COUNSEL
URBAN A LESTER

TELEX
440367 A AND A

TELEFAX
(202)393-2756

RECORDATION NO 17128 FILED 1425
DEC 18 1990 10 05 AM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO 17128 FILED 1425
DEC 18 1990 10 05 AM
INTERSTATE COMMERCE COMMISSION

DEC 18 9 59 AM '90
FOR OPERATING UNIT

December 18, 1990

RECORDATION NO 17128 FILED 1425
DEC 18 1990 10 05 AM
INTERSTATE COMMERCE COMMISSION

0-352A016

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland,

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are 2 fully executed copies of 1) a Lease Agreement dated as of November 1, 1990 ("Lease") 2) an Indenture, Mortgage and Security Agreement dated as of November 1, 1990 ("Indenture") 3) a Lease and Indenture and Supplement No. 1 dated December 18, 1990 ("Supplement") the Lease and Indenture being primary documents and the Supplement, being a secondary document, as defined in the Commission's Rules for the Recordation of Documents, 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed documents are:

Lease

Wilmington Trust Company, Trustee, Lessor
Rodney Square North
Wilmington, Delaware 19890

CSX Transportation, Inc., Lessee
100 North Charles Street
Baltimore, Maryland 21201

Indenture

Wilmington Trust Company, Trustee
Rodney Square, North
Wilmington, Delaware 19890

Mercantile-Safe Deposit Trust Company
2 Hopkins Place
Baltimore, Maryland 21203

Counterpart C.T. Kappler

Supplement

Wilmington Trust Company, Trustee
Rodney Square, North
Wilmington, Delaware 19890

CSX Transportation, Inc.
100 North Charles Street
Baltimore, Maryland 21203

Mercantile-Safe Deposit Trust Company
2 Hopkins Place
Baltimore, Maryland 21203

A description of the railroad equipment covered by the enclosed documents is set forth in Schedule 1 attached hereto and made a part hereof.

Also enclosed is a check in the amount of $45 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return stamped copies of the enclosed documents to the undersigned.

A short summary of the enclosed documents to appear in the Commission's Index is:

> Lease Agreement dated as of November 1, 1990 between Wilmington Trust Company, Trustee, ("WTC") and CSX Transportation, Inc., ("CSX") Lessee; Indenture, Mortgage and Security Agreement dated as of November 1, 1990 between WTC and Mercantile-Safe Deposit and Trust Company ("Mercentile"); Lease and Indenture Supplement No. 1 dated December 18, 1990 between WTC, CSX and Mercentile covering 16 rebuilt locomotives.

Very truly yours,

Charles T. Kappler

Charles T. Kappler

CTK/bg
Enclosures

SCHEDULE 1

SCHEDULE OF RAIL EQUIPMENT TO BE DELIVERED

Description: General Motors SD-40-2 Locomotives (Remanufactured by Morrison-Knudson)

Quantity: 16

Road Numbers: CSXT 8473 through CSXT 8488

Lessor's Cost Per Unit: $800,000

Aggregate Lessor's Cost: $12,800,000

Interstate Commerce Commission

Washington, D.C. 20423

12/18/90

OFFICE OF THE SECRETARY

Charles T. Kappler

Alvord & Alvord

918 16th St N.W.

Washington,D.C. 20006

Dear Sir:

The enclosed dcoument(s) was recorded pursuant to the provisions of Section 11303 of the Insterstate Commerce Act, 49 U.S.C. 11303, on 12/18/90 at 10:05am , and assigned recordation number(s). 17128, 17128-A & 17128-B

Sincerely yours,

Sidney L. Strickland, Jr.

Sidney L. Strickland, Jr.
Secretary

DUPLICATE COUNTERPART

NEW NO.

17128

DEC 18 1990 AM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

Dated as of November 1, 1990

between

WILMINGTON TRUST COMPANY,
as Owner Trustee,
as Lessor

and

CSX TRANSPORTATION, INC.,
as Lessee

16 General Motors SD-40-2 Locomotives
(Remanufactured by Morrison-Knudsen)

[CSX Trust 1990/ATT-2]

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT AND TO THE RAIL EQUIPMENT COVERED HEREBY OF WILMINGTON TRUST COMPANY, AS OWNER TRUSTEE, HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, AS INDENTURE TRUSTEE UNDER AN INDENTURE, MORTGAGE AND SECURITY AGREEMENT DATED AS OF NOVEMBER 1, 1990. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. § 11303 ON DECEMBER __, 1990
AT __:__ _.M., RECORDATION NUMBER _____.

TABLE OF CONTENTS

(Not Part of Agreement)

		Page
SECTION 1.	Definitions	1
SECTION 2.	Purchase and Lease; Renewal Terms; Return; Purchase Options	1
SECTION 3.	Disclaimer of Warranties	14
SECTION 4.	Use and Operation of Rail Equipment	15
SECTION 5.	Maintenance	15
SECTION 6.	Inspection	16
SECTION 7.	Improvements	16
SECTION 8.	Liens	18
SECTION 9.	Rent	19
SECTION 10.	Insurance	27
SECTION 11.	Loss, Requisition or Seizure	29
SECTION 12.	Termination for Obsolescence	32
SECTION 13.	Assignment and Sublease	35
SECTION 14.	Events of Default	36
SECTION 15.	Action Following an Event of Default	39
SECTION 16.	Notices	42
SECTION 17.	Further Assurances and Financial and Other Information	43
SECTION 18.	Successor Banks and Trustees	45
SECTION 19.	The Indenture Trustee	45
SECTION 20.	Warranty Enforcement	46
SECTION 21.	Lessor's Right to Perform for the Lessee	46
SECTION 22.	Filings	46
SECTION 23.	Miscellaneous	47

Schedule X -- Definitions

Exhibit A -- Form of Lease and Indenture Supplement
Schedule 1 -- Rail Equipment
Schedule 2 -- Interim and Basic Rent
Schedule 3 -- Stipulated Loss Value
Schedule 4 -- Termination Value

LEASE AGREEMENT dated as of November 1, 1990 between WILMINGTON TRUST COMPANY, a banking corporation organized under the laws of the State of Delaware, not in its individual capacity but solely as trustee under the Trust Agreement (as defined in Schedule X hereto) (the "Lessor"), and CSX TRANSPORTATION, INC., a Virginia corporation (the "Lessee").

The Lessor and the Lessee agree as follows:

SECTION 1. Definitions. The following terms shall have the following meanings for all purposes of this Lease:

(a) unless otherwise expressly provided, all references herein to Sections or other subdivisions refer to the corresponding Sections and other subdivisions of this Lease;

(b) the terms "hereof," "herein," "hereby," "hereto," "hereunder," "hereinafter" and "herewith" refer to this Lease; and

(c) all terms used herein which are defined in or by reference in Schedule X hereto (including all terms defined by reference therein to other instruments or to Sections and other subdivisions of this Lease) shall have the respective meanings stated or referred to in said Schedule X.

SECTION 2. Purchase and Lease; Renewal Terms; Return; Purchase Options.

(a) Purchase and Lease. Effective on the Closing Date, if the conditions set forth in Section 5 of the Participation Agreement have been satisfied or waived, (i) the Lessor shall purchase from the Seller the Rail Equipment described in the Bill of Sale and shall be deemed to have accepted delivery of such Rail Equipment from the Seller, (ii) the Lessee shall be deemed to have accepted delivery of such Rail Equipment hereunder, (iii) the Lessor shall lease such Rail Equipment to the Lessee and the Lessee shall lease such Rail Equipment from the Lessor under this Lease for the Rent and Lease Term hereinafter stipulated (subject to the exercise by the Lessee of its renewal option or options as provided herein for one or more Renewal Terms and upon the terms and conditions herein set forth) and (iv) the Lessor and the Lessee shall conclusively evidence that such Rail Equipment have been made subject to this Lease by executing and delivering a Lease and Indenture Supplement substantially in the form attached as Exhibit A hereto covering the Rail Equipment so purchased and leased.

(b) Renewal Terms. Provided that no Economic Default or Event of Default shall have occurred and then be continuing, the Lessee shall be entitled to renew this Lease on the last day of the Basic Term or any Renewal Term then in effect, pursuant to the following terms and conditions with respect to either (x) all of the Units then being leased under this Lease, or (y) not less than 25% and not more than 75% (randomly selected by computer generated numbers without regard to the condition of any such Rail Equipment) of the original number of Units on the Closing Date, for one or more Renewal Terms commencing on the first day following the end of the Basic Term or any Renewal Term for which a renewal has been effected (each a "Renewal Term Commencement Date"):

(i) Appraisal Determination. The Lessee may (A) by written notice to the Owner Trustee at any time at least 270 days (but not more than 540 days) prior to the Renewal Term Commencement Date for the first proposed Fixed Rate Renewal hereunder, request that a determination be made under subclause (iii)(D) of this paragraph (b) and (B) by written notice to the Owner Trustee at any time at least 270 days (but not more than 540 days) prior to the Renewal Term Commencement Date for any proposed Fair Market Renewal hereunder, request that a determination be made under subclause (iv)(C) of this paragraph (b). No such request pursuant to this clause (i) for a determination shall be deemed an election by the Lessee of a renewal pursuant to the provisions of this paragraph (b).

(ii) Notice. In the event that the Lessee elects to renew this Lease, the Lessee shall provide the Owner Trustee with a written notice irrevocably electing such renewal at least 180 days prior to the Renewal Term Commencement Date on which such elected renewal is to take effect. Such notice shall specify (A) the desired Renewal Term, which in the case of a Fixed Rate Renewal shall be determined in accordance with subclause (iii)(A) of this paragraph (b) and in the case of a Fair Market Renewal shall be determined in accordance with subclause (iv)(A) of this paragraph (b); (B) whether a renewal is being elected as a Fixed Rate Renewal, pursuant to clause (iii) of this paragraph (b), or a Fair Market Renewal, pursuant to clause (iv) of this paragraph (b); and (C) the number and identifying marks of the Units to be leased during such Renewal Term.

(iii) Fixed Rate Renewal. Each renewal pursuant to this clause (iii) shall be referred to as a "Fixed Rate Renewal" and shall be made pursuant to the following terms and conditions:

(A) The period of each Fixed Rate Renewal (each a "Fixed Rate Renewal Term") for the Rail Equipment shall be the period commencing on the Renewal Term Commencement Date for which a Fixed Rate Renewal is being requested and ending on the last day of the Fixed Rate Renewal Term specified by the Lessee in the notice delivered pursuant to clause (ii) of this paragraph (b), which Fixed Rate Renewal Term shall be in increments of one or more whole years (except that the last of such increments may be one-half of a year to the extent so required by the limitation specified in the proviso of this subclause (iii) (A)); provided, however, that a Fixed Rate Renewal Term shall not extend beyond the earliest of the following dates (the "Maximum Fixed Rate Renewal Date" and the period from the Renewal Period Commencement Date for the first proposed Fixed Rate Renewal hereunder to the Maximum Fixed Rate Renewal Date is herein called the "Maximum Fixed Rate Renewal Term"): (1) the last date on which the period from the Closing Date to such date would be equal to 80% of the estimated economic useful life of such Rail Equipment, measured from the Closing Date (the determination of such useful life to be made pursuant to subclause (D) below), and (2) the last day on which the estimated residual value of such Rail Equipment would be 20% of the Lessor's Cost therefor, the determination of such date to be made pursuant to subclause (D) below), without taking into account inflation or deflation subsequent to the Closing Date. In addition, any election of a Fixed Rate Renewal shall constitute a representation and warranty by the Lessee to the Owner Participant that any Rail Equipment not inspected in connection with the Appraisal referred to in subclause (i) above was in substantially the same condition, insofar as serviceability, condition, fair market value, residual value, remaining useful life and utility are involved, as the Rail Equipment that were so inspected.

(B) Basic Rent for any Rail Equipment being leased during a Fixed Rate Renewal Term shall be payable (in advance, if the final Basic Rent payment payable during the Basic Term was payable in advance; otherwise, in arrears) on each Payment Date during such Fixed Rate Renewal Term and shall be equal to 50% of the average of the actual Basic Rent payments payable in respect of such Rail Equipment on each Payment Date during the Basic Term; provided, however, in the event that due to any limitation imposed by the proviso set forth in the foregoing subclause (A) any Fixed Rate Renewal Term expires other than on a

Payment Date, then the last payment of Basic Rent for such Fixed Rate Renewal Term shall be payable on the last date of such Fixed Rate Renewal Period and shall be prorated on the basis of the proportion of (x) the actual number of days from and excluding the Payment Date immediately preceding the last day of such Fixed Rate Renewal Term to and including such last day, to (y) 180 days. The Stipulated Loss Value for any Rail Equipment for all Fixed Rate Renewals shall be calculated once on or before the beginning of the first Fixed Rate Renewal and shall (x) on the Renewal Term Commencement Date for any Fixed Rate Renewal be equal to the greater of 20% of the Lessor's Cost of such Rail Equipment or the Fair Market Sale Value of such Rail Equipment (as determined pursuant to subclause (D) below) as of such Renewal Term Commencement Date and (y) thereafter be reduced on a straight-line basis from the initial Stipulated Loss Value so determined pursuant to clause (x) hereof to 20% of Lessor's Cost therefor at the Maximum Fixed Rate Renewal Date.

(C) Notwithstanding any provision hereof, (x) the Lessee shall have the right to elect not more than two Fixed Rate Renewals for any Rail Equipment (and any renewal thereafter shall be a Fair Market Renewal), (y) all Fixed Rate Renewal Terms for such Rail Equipment shall run consecutively and (z) no Fixed Rate Renewals for such Rail Equipment shall be permitted unless the first Fixed Rate Renewal Term therefor immediately follows the Basic Term.

(D) In connection with the first actual or prospective Fixed Rate Renewal for any Rail Equipment to be leased during such a Renewal Term, a determination shall be made (pursuant to the Appraisal Procedure) of (x) the then estimated economic useful life of such Rail Equipment measured from the Closing Date, (y) the last date on which the estimated residual value (without regard to inflation or deflation subsequent to the Closing Date) of such Rail Equipment is projected to be greater than or equal to 20% of Lessor's Cost therefor and (z) the Fair Market Sale Value of such Rail Equipment as of the Renewal Term Commencement Date for the first Fixed Rate Renewal Term. Such determination (which shall be made within the time periods required pursuant to the Appraisal Procedure and prior to the Renewal Term Commencement Date for the first Fixed Rate Renewal) shall be made as of the Renewal Term Commencement Date for the first Fixed Rate Renewal and shall be used for the second Fixed Rate Renewal, if any.

(iv) Fair Market Renewal. Each renewal pursuant to this clause (iv) shall be referred to as a "Fair Market Renewal" and shall be made pursuant to the following terms and conditions:

(A) The period of each Fair Market Renewal (each, a "Fair Market Renewal Term") for any Rail Equipment being leased during such Renewal Term shall be the period commencing on the Renewal Term Commencement Date for which a Fair Market Renewal is being requested and ending on the last day of the Renewal Term specified by the Lessee in the notice delivered pursuant to clause (ii) of this paragraph (b), which period shall be in increments of one or more whole years.

(B) Basic Rent for any Rail Equipment being leased during each Fair Market Renewal Term shall be the Fair Market Rent in respect of the Rail Equipment being leased for such period (as determined pursuant to the provisions of subclause (C) of this clause (iv)), payable (in advance, if the final Basic Rent payment payable during the Basic Term was payable in advance; otherwise, in arrears) on each Payment Date during such Fair Market Renewal Term and on the last day of such Fair Market Renewal Term. During each Fair Market Renewal Term, the Stipulated Loss Value for the Rail Equipment being leased during such Renewal Term shall (x) on the Renewal Term Commencement Date for such Fair Market Renewal Term, be equal to the Fair Market Sale Value of such Rail Equipment as of such Renewal Term Commencement Date (as determined with respect to such Fair Market Renewal Term pursuant to subclause (C) below) and (y) during the remainder of such Fair Market Renewal Term, be reduced on a straight-line basis from the Stipulated Loss Value so determined as of the relevant Renewal Term Commencement Date to the estimated Fair Market Sale Value of such Rail Equipment as of the last day of such Fair Market Renewal Term (as determined with respect to such Fair Market Renewal Term pursuant to subclause (C) below).

(C) In connection with each actual or prospective Fair Market Renewal for any Rail Equipment to be leased during a Fair Market Renewal Term, a determination shall be made (pursuant to the Appraisal Procedure) of (x) the Fair Market Sale Value of such Rail Equipment as of the relevant Renewal Term Commencement Date and as of the last day of such Fair Market Renewal Term, and (y) the Fair Market Rent of

such Rail Equipment. Such determination (which shall be made within the time periods required pursuant to the Appraisal Procedure) shall be made as of the Renewal Term Commencement Date for the relevant Fair Market Renewal for such Rail Equipment and shall be completed at least 190 days before the Renewal Term Commencement Date for such Fair Market Renewal.

(D) Notwithstanding any provision hereof, the Lessee shall have the right to elect Fair Market Renewals for any Rail Equipment with Fair Market Renewal Terms of not more than five years, in the aggregate.

(v) Additional Conditions. Notwithstanding any provision of this paragraph (b) to the contrary, unless the Lessee exercises a renewal option hereunder as to all of the Units then being leased under this Lease, the Lessee may only exercise such renewal option to the extent that at least 25% (but not more than 75%) of the original number of Units on the Closing Date remain subject to this Lease, after giving effect to the exercise of such renewal option. In addition, any exercise of a renewal option as to less than all of the Units then being leased hereunder shall constitute a representation and warranty by the Lessee to the Lessor, as of the date of exercise, to the effect that the Units subject to such renewal option are fairly representative as to serviceability, condition, fair market value, residual value, remaining useful life and utility of all of the Units then being leased hereunder.

(vi) General. All provisions of this Lease shall be applicable during each Renewal Term, except that the Basic Rent and Stipulated Loss Values payable under this Lease during each Renewal Term shall be those specified in this paragraph (b).

(c) Redelivery. The Lessee shall assemble and deliver possession of the Rail Equipment in accordance with the terms of this Lease, at the Lessee's own cost and expense, in such numbers and to such location or locations on the Lessee's lines reasonably accessible to the Lessor, its agents and assigns, or to such interconnection point or points on Lessee's lines (up to a maximum of 3 locations in the aggregate and, collectively, the "Redelivery Locations") (i) subject to Section 2(g) hereof, on the date of the expiration of the Basic Term or any applicable Renewal Term, as the Lessee shall in good faith designate in writing to the Lessor not less than 90 days prior to the expiration of the Basic Term or any applicable Renewal Term or (ii) at the expiration or (if requested by the Lessor) earlier termination of the applicable

storage period (or as soon thereafter as is practicable), as the Lessee may in good faith designate in writing to the Lessor prior to the expiration of such storage period. Any Rail Equipment delivered to such Redelivery Location (or into storage, as the Lessor may have requested as provided below) shall be deemed to be redelivered hereunder (and, subject to the next succeeding paragraph, Basic Rent with respect to such redelivered Rail Equipment shall cease to accrue with respect thereto, but shall continue to accrue with respect to any Unit which has not been redelivered hereunder) on the later to occur of (i) the expiration of the Basic Term or any applicable Renewal Term and (ii) the date on which at least 5% of the number of Units then subject to this Lease (or such lesser number of Units as the Lessor may have requested to be delivered into storage) shall have been delivered to any one such Redelivery Location or into storage.

The Lessee will, at the written request of Lessor, given at least 60 days (but no more than 180 days) prior to the expiration of the Basic Term or any applicable Renewal Term, store any Rail Equipment at the Lessor's expense (other than storage fees) and risk on storage tracks selected and owned by the Lessee for a 45-day period commencing as to each Unit on the later to occur of (i) the expiration or earlier termination of the Lease Term, (ii) the day that the Lessor receives a Rail Equipment Return Notice with respect to such Unit, (iii) the date of the delivery of such Unit to such storage tracks, and (iv) the placing in storage at any one location, which need not be a Redelivery Location, of an aggregate of at least 5% of the number of Units then subject to this Lease (or such lesser number of Units as the Lessor may have requested to be stored) pursuant to any one such request of the Lessor. In addition, upon written notice given to the Lessee at least 30 days prior to the expiration of the free storage period referred to in the preceeding sentence, the Lessor shall have the right to store such Rail Equipment redelivered to it on storage tracks owned by the Lessee for an additional period of 90 days after the expiration of such free storage period; provided, that the Lessee may charge the Lessor an amount based on the then normal rates charged by the Lessee to third parties for storage of rail equipment of the same or similar type on its tracks, and such additional storage shall continue to be at the Lessor's expense and risk.

The Lessee agrees to notify the Lessor in writing with respect to each Unit of Rail Equipment when (i) an aggregate of 5% of the Units then subject to this Lease (or such lesser number of Units as shall not have been redelivered), including such Unit, shall have been redelivered to any one Redelivery Location and (ii) an aggregate of 5% of the number of Units

then subject to this Lease (or such lesser number of Units as the Lessor may have requested to be placed in storage) shall, including such Unit, have been placed in storage pursuant to any one such request of the Lessor (in each case, a "Rail Equipment Return Notice"). The Lessee shall be responsible for all costs and expenses of gathering and storing any Rail Equipment not redelivered pursuant to the terms of this Section 2, and the Lessee shall continue to insure (but only to the extent required under Section 10(a)) and bear the risk of loss of any such Rail Equipment in accordance with the Lease until so redelivered.

The Lessor may, by written notice to the Lessee given at least 60 days (but not more than 180 days) prior to the date of the expiration of the Basic Term or any applicable Renewal Term, request that the Lessee perform either one or both of the following additional redelivery requirements:

(i) If and to the extent that the Lessee is then maintaining insurance pursuant to Section 10(a) with respect to any redelivered Rail Equipment, the Lessee shall use its best efforts to maintain such insurance in effect during any storage period required hereunder, provided that it is practicable for the Lessee (in its reasonable opinion) to do so without undue administrative burden or additional cost or premium with respect to such Rail Equipment or any other aspect of its insurance program; and the Lessor will, within 15 days following demand therefor, reimburse the Lessee for the cost of such insurance, together with interest thereon, to the extent permitted by Applicable Law, at the Overdue Rate, from the date of demand to the date of reimbursement; and

(ii) The Lessee shall perform such overhaul services with respect to any redelivered Rail Equipment as the Lessor may reasonably request; provided, that the Lessee may in good faith decline to perform such services for any bona fide administrative, operational or economic reason, including the non-availability of appropriate or cost-effective personnel or facilities. To the extent that the Lessee performs such overhaul services not otherwise required in order to return the Rail Equipment in the condition specified by Section 2(d), the Lessor shall compensate the Lessee at a rate equal to 110% of the Lessee's actual costs, including an appropriate allocation for overhead expense; provided, that if the Lessee advises the Lessor in writing prior to commencing such overhaul services that it is impracticable to determine such costs, then the Lessee shall not be required to perform such services unless it is first able to negotiate in good faith with the Lessor a mutually agreed fee for such services.

In addition, the Lessee shall upon redelivery also furnish to the Lessor copies of any then available maintenance records pertaining specifically to the Rail Equipment being redelivered; provided, that the Lessee shall only be required to furnish such records to the extent that they are accessible without undue administrative burden and that the Lessor shall reimburse the Lessee for its reasonable costs and expenses associated with retrieving and copying such records. The Lessee hereby confirms that such records are currently accessible without undue administrative burden, under its practices as of the Closing Date; provided, that the Lessee makes no warranty or covenant in this sentence as to its practices with respect to maintenance records after the Closing Date; and provided, further, that the Lessee will be consistent in its record keeping practices for rail equipment owned or leased by the Lessee which is substantially similar in type, service and use to the Rail Equipment, subject to the phasing in or modification of such practices from time to time in the ordinary course of business.

If the Lessor or its agent shall inspect any Rail Equipment pursuant to Section 2(d) and shall conclude in good faith that such Rail Equipment is not in the condition required by Sections 2(d) and 5 (other than the last sentence thereof), the Lessee, at its expense and risk, shall within 30 days thereafter make such repairs and perform such work as shall be necessary to place such Rail Equipment in the condition required by Sections 2(d) and 5 (other than the last sentence thereof). If, pursuant to the immediately preceding sentence, the Lessor shall have made such conclusion in good faith with respect to more than 5% of the Rail Equipment so inspected, the Lessee shall reimburse the Lessor for the reasonable costs and expenses of the Lessor's independent inspectors or surveyors related to such inspection of the redelivered Rail Equipment. The Lessee will provide the Lessor with written notice when such Rail Equipment has been repaired so as to be in the condition required by Section 2(d) and is ready to be reinspected by the Lessor or its agent, and the Lessor or its agent shall have 10 days from such date to inspect such Rail Equipment and inform the Lessee if such Rail Equipment is still not in the condition required by Section 2(d) (in which case the provisions of this paragraph shall continue to control). The Lessee shall reimburse the Lessor for the reasonable costs and expenses of the Lessor's independent inspectors and surveyors related to any reinspection of Rail Equipment pursuant to the immediately preceeding sentence. The Lessee agrees to pay the daily equivalent of Basic Rent (calculated on the basis of the average of the actual Basic Rent payments payable in respect of the Rail Equipment on each Payment Date during the Basic Term or the applicable Renewal Term, as the case may be) on any Rail Equipment not redelivered in the

condition required by Section 2(d), from and including the last day on which the Lessee paid Basic Rent with respect to such Rail Equipment to but excluding the later of (i) the date the Lessee gives the written notice described in the second preceding sentence or (ii) the actual redelivery of such Unit of Rail Equipment to a Redelivery Location or into storage, as the case may be. No notice given to the Lessee pursuant to this paragraph shall constitute notice of a Default pursuant to Section 14(i) unless such notice is expressly denominated by its terms as a notice of Default thereunder.

(d) Return Condition. At the time of any return, the Rail Equipment so being returned shall be free and clear of all Liens (except any Owner Encumbrances and Permitted Encumbrances, it being understood that the Lessee will promptly and diligently cause any such Permitted Encumbrances to be discharged and, at the Lessor's request, the Lessee shall bond or provide such other form of security for payment and discharge of such Permitted Encumbrances as the Lessor may reasonably request) and shall be in the condition required by this Section 2(d) and Section 5 (other than the last sentence thereof). Each Unit redelivered hereunder shall be (i) in a condition suitable for the general purpose and use for which it was originally intended, (ii) in a condition comparable to that of rail equipment of the Lessee of a similar type and age and in compliance with the then prevailing rules of the Association of American Railroads and the Federal Railway Administration or any successor entities which are applicable to Class I Railroads (but without regard to any change in ownership or changes in identifying marks), and (iii) in compliance with the requirements of Applicable Law. In addition, each Unit redelivered pursuant to Section 2(c) shall be in the condition required by Section 5 hereof.

The Lessor or its agent may inspect any Rail Equipment redelivered hereunder to determine whether such Rail Equipment is in the condition required by this Section 2(d) and Section 5 (other than the last sentence thereof) at any time prior to 10 days after the date on which at least 5% of the number of Units then subject to this Lease (or such lesser number of Units as the Lessor may have requested to be delivered into storage) shall have been delivered to any one Redelivery Location or into storage pursuant to Section 2(c), or at such other time as may be specified in the last paragraph of Section 2(c). At such inspection, independent inspectors or surveyors representing both the Lessee and the Lessor, or an independent inspector or surveyor satisfactory to both sides, shall be present and shall determine and state the agreed repairs or work necessary to place such Rail Equipment on the date of return in the condition required by this Section 2(d) and Section 5 (other than the last sentence thereof). The Lessee and the Lessor shall bear the cost of their respective independent inspectors or surveyors.

(e) Early Purchase Option. Provided that no Economic Default or Event of Default shall have occurred and be continuing, on January 1, 2009, the Lessee shall be entitled, upon not less than 180 days' irrevocable prior written notice to the Lessor and the Indenture Trustee, to purchase either (A) all of the Units then being leased under this Lease, or (B) not less than 25% and not more than 75% (randomly selected by computer generated numbers without regard to the condition of any such Rail Equipment) of the original number of Units on the Closing Date, for a purchase price equal to (x) if such Rail Equipment is to be purchased free and clear of the Lien of the Indenture, the Projected Fair Market Sales Value - EBO of such Rail Equipment plus the Premium, if any, on the Notes being redeemed on such date (as determined in accordance with the proviso to this sentence) plus any Supplemental Rent then due or (y) if the Lessee elects to assume and become obligated on a recourse basis under all or a portion of the Notes Outstanding (an "Assumption Event") in connection with such purchase, the Projected Fair Market Sales Value - EBO of such Rail Equipment plus any Supplemental Rent then due less an amount equal to the product of (i) the aggregate principal amount of the Notes Outstanding on such date and (ii) a fraction the numerator of which is the aggregate Lessor's Cost for such Rail Equipment and the denominator of which is the aggregate Lessor's Cost for all of the Rail Equipment then subject to this Lease; provided, that in the event such Rail Equipment is to be purchased free and clear of the Lien of the Indenture, the Lessee shall first, on behalf of the Lessor, give the Indenture Trustee, no later than December 1, 2008, an irrevocable written notice of redemption with respect to that aggregate principal amount of the Notes Outstanding to be redeemed pursuant to Section 401(d) of the Indenture in connection with such purchase, and shall directly pay the Indenture Trustee the redemption price (including Premium, if any) required to redeem such aggregate principal amount of Notes calculated in accordance with the Indenture and then pay to the Lessor any remaining amount of the purchase price specified in clause (x) of this Section 2(e); and provided, further, that if such purchase constitutes an Assumption Event, the Lessee shall give the Indenture Trustee, no later than December 1, 2008, an irrevocable written notice of assumption with respect to that aggregate principal amount of the Notes Outstanding to be assumed pursuant to Section 403 of the Indenture in connection with such purchase. In addition, the Lessee shall pay to the Lessor or to whomever shall be entitled to receive the same, the amount of the Basic Rent (if and to the extent Basic Rent is then being paid in arrears) payable on such Payment Date with respect to such Rail Equipment.

In connection with the exercise of the purchase option under this Section 2(e), the Lessor shall transfer all its right, title and interest in and to such Rail Equipment to the Lessee without recourse or warranty on the part of the Lessor except that the Lessor shall warrant to the Lessee that such Rail Equipment is free and clear of all Owner Encumbrances and, at the expense of the Lessee, shall execute and deliver such documents as shall be reasonably necessary or appropriate to consummate such sale and, in the case of a purchase which is an Assumption Event, such documents as are required by Section 403 of the Indenture. Notwithstanding any provision of this Section 2(e) to the contrary, unless the Lessee exercises its purchase option hereunder as to all of the Units then being leased under this Lease, the Lessee may only exercise such purchase option to the extent that at least 25% (but not more than 75%) of the original number of Units on the Closing Date remain subject to this Lease, after giving effect to the exercise of such purchase option. In addition, any exercise of a purchase option as to less than all of the Units then being leased hereunder shall constitute a representation and warranty by the Lessee to the Lessor, as of the date of exercise, to the effect that the Units subject to such purchase option are fairly representative as to serviceability, condition, fair market value, residual value, remaining useful life and utility of all of the Units then being leased hereunder.

(f) Purchase at Expiration of Lease Term. Provided that no Economic Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled at the expiration of the Lease Term with respect to the Rail Equipment to purchase pursuant to the following terms and conditions either (x) all of the Units then being leased under this Lease, or (y) not less than 25% and not more than 75% of the original number of Units on the Closing Date (randomly selected by computer generated numbers without regard to the condition of any such Rail Equipment), as follows:

(i) The Lessee may, by notice to the Lessor at any time not less than 270 days (but not more than 540 days) prior to the expiration of the Lease Term with respect to the Rail Equipment to be purchased, request that a determination be made under clause (iv) of this paragraph (f) of the Fair Market Sale Value of such Rail Equipment. No such request pursuant to this clause (i) shall be deemed an election by the Lessee for a purchase pursuant to the provisions of this paragraph (f).

(ii) In the event that the Lessee elects to purchase such Rail Equipment, the Lessee shall provide the Lessor with a written notice irrevocably making such election at least 180 days prior to the expiration of the Lease Term with respect to such Rail Equipment.

(iii) The Lessee shall pay to the Lessor, on the expiration of the Lease Term with respect to such Rail Equipment, an amount equal to the Fair Market Sale Value for such Rail Equipment, and upon such payment and the payment by the Lessee of all Rent payable on or before such expiration date with respect to such Rail Equipment (including, without limitation, the Basic Rent becoming due and payable on such expiration date), the Lessor shall transfer all its right, title and interest in and to such Rail Equipment to the Lessee, without any representation, recourse or warranty on the part of the Lessor except that the Lessor shall warrant to the Lessee that such Rail Equipment is free and clear of all Owner Encumbrances.

(iv) In connection with an actual or prospective purchase by the Lessee of any Rail Equipment pursuant to this Section 2(f), any determination of the Fair Market Sale Value of such Rail Equipment shall be made pursuant to the Appraisal Procedure. Any such determination (which shall be made within the time periods required by the Appraisal Procedure) shall be made as of, and completed at least 190 days prior to, the expiration of the Lease Term with respect to such Rail Equipment.

(v) Notwithstanding any provision of this Section 2(f) to the contrary, unless the Lessee exercises its purchase option hereunder as to all of the Units then being leased under this Lease, the Lessee may only exercise such purchase option to the extent that at least 25% (but not more than 75%) of the original number of Units on the Closing Date remain subject to this Lease, after giving effect to the exercise of such purchase option. In addition, any exercise of a purchase option as to less than all of the Units then being leased hereunder shall constitute a representation and warranty by the Lessee to the Lessor, as of the date of exercise, to the effect that the Units subject to such purchase option are fairly representative as to serviceability, condition, fair market value, residual value, remaining useful life and utility of all of the Units then being leased hereunder.

(g) Extension of Lease Term. Upon the expiration of the Basic Term and all applicable Renewal Terms, the Lease Term for any Rail Equipment shall be extended for any period necessary for the return of such Rail Equipment to the location designated by the Lessee pursuant to Section 2(c); provided, that no such extension shall exceed 90 days. The Lessee agrees to pay the daily equivalent of Basic Rent (calculated on the basis of the average of the actual Basic Rent payments payable in respect of the Rail Equipment on each Payment Date during the Basic Term or the applicable Renewal Term, as the case may

be) on each Unit either (i) redelivered subsequent to the expiration or earlier termination of the Basic Term or such Renewal Term or (ii) which the Lessor or its agent shall have determined in good faith and by written notice to the Lessee to have been redelivered in violation of the requirements of Sections 2(d) and 5 (other than the last sentence thereof), from and including the final Payment Date to but excluding the date of redelivery hereunder or compliance with Sections 2(d) and 5 (other than the last sentence thereof), as the case may be.

SECTION 3. Disclaimer of Warranties.

(a) No Representation or Warranty. THE LESSEE ACKNOWLEDGES THAT (i) THE RAIL EQUIPMENT IS OF DESIGN AND MANUFACTURE SELECTED BY THE LESSEE, (ii) THE RAIL EQUIPMENT IS SUITABLE FOR THE LESSEE'S PURPOSES AND (iii) NEITHER THE LESSOR NOR ANY PARTICIPANT IS A MANUFACTURER OR DEALER IN SUCH PROPERTY AND HAVE NOT INSPECTED THE RAIL EQUIPMENT PRIOR TO ITS DELIVERY TO AND ACCEPTANCE BY THE LESSEE. THE LESSEE ACKNOWLEDGES THAT NONE OF THE OWNER PARTICIPANT, THE LESSOR NOR ANY LOAN PARTICIPANT MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND WAIVES, AS BETWEEN ITSELF AND THE LESSOR AND ANY PARTICIPANT, ANY AND ALL RIGHTS, OR CLAIMS, AS TO THE DESIGN, OPERATION OR CONDITION OF THE RAIL EQUIPMENT OR AS TO THE TITLE, VALUE, CONDITION, DESIGN OR MERCHANTABILITY OF THE RAIL EQUIPMENT, OR AS TO THE FITNESS OF THE RAIL EQUIPMENT FOR ANY PARTICULAR USE OR PURPOSE, OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR, EXCEPT AS SET FORTH IN SECTION 3(b), ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE RAIL EQUIPMENT AND UNDER NO CIRCUMSTANCES WHATSOEVER SHALL ANY PARTICIPANT, WTC OR THE LESSOR BE LIABLE OR RESPONSIBLE TO THE LESSEE FOR ANY CONSEQUENTIAL DAMAGES. THE PROVISIONS OF THIS SECTION 3 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND, EXCEPT AS PROVIDED ABOVE, NEGATION OF ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED (OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY MADE IN THE OPERATIVE DOCUMENTS), BY THE LESSOR AND ANY PARTICIPANT IN ANY CAPACITY WITH RESPECT TO ANY RAIL EQUIPMENT, OR ANY PART THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW OR HEREAFTER IN EFFECT OR OTHERWISE.

(b) Title. Notwithstanding the provisions of the foregoing paragraph (a), the Lessor represents and warrants that on the Closing Date it will have whatever title to the Rail Equipment as has been conveyed to it on such date by the Seller, subject to no Owner Encumbrances.

SECTION 4. Use and Operation of Rail Equipment. During the Lease Term, so long as no Event of Default has occurred and is continuing, the Lessee has the exclusive right to possession, control and full use of the Rail Equipment leased hereunder and may use such Rail Equipment in any lawful trade or commerce; provided, however, that the Lessee shall use each Unit only in the manner for which it was designed and intended and that such Rail Equipment shall not be used or operated in any manner contrary to any Applicable Law.

SECTION 5. Maintenance. The Lessee, at its own expense and risk shall throughout the Lease Term maintain, and repair so as to keep, the Rail Equipment in good operating condition, ordinary wear and tear excepted, at least in accordance with the standards of maintenance, if any, for similar rail equipment operating on the lines of Class I Railroads and in the manner and in the same condition as the Lessee, in the prudent management of its own business, maintains and repairs similar equipment owned or leased by it and its Affiliates at such time. In any event, such Rail Equipment shall remain (i) in as good operating condition as when delivered hereunder on the Closing Date (ordinary wear and tear excepted), (ii) in compliance with any and all Applicable Law, (iii) eligible under all manufacturer's warranties, (iv) in compliance with the then prevailing rules of the American Association of Railroads and the Federal Railway Administration which are applicable to Class I Railroads, (v) suitable for interchange generally by a Class I Railroad, and (vi) in compliance with the applicable requirements of any insurance being maintained pursuant to Section 10(a). The Lessee agrees that it will not discriminate against any Rail Equipment (as compared to other similar equipment owned or leased by the Lessee) with respect to its use, operation or maintenance in contemplation of the expiration or termination of this Lease. Notwithstanding the foregoing, the Lessee, in its discretion, may withdraw from transportation service any Unit of Rail Equipment for any reason unrelated to the terms and conditions of the Operative Documents, at and for any time, during which time the Lessee shall not be required to maintain or repair such Rail Equipment; provided, however, that (w) each such Unit of Rail Equipment shall be maintained so as to remain capable of being returned to transportation service in the condition required by Section 2(d) and the first sentence of this Section 5 within 5 Business Days, (x) the Lessee shall remain responsible for the preservation, safekeeping, use, operation and safe storage of such Unit, (y) the Lessee's actions with respect to such Unit shall not impair the value, utility, useful life or residual value that such Unit would have had, had it been kept in service and maintained in accordance with the first sentence of this Section 5 and (z) the foregoing shall not affect the Lessee's obligation to return such Unit in the condition specified in Section 2(d) and the first sentence of this Section 5.

SECTION 6. Inspection. The Lessor, the Owner Participant and the Indenture Trustee, or their authorized representatives, may at any time, upon reasonable notice and at their own risk and expense, inspect the Rail Equipment and applicable maintenance and use records relating thereto, and the Lessee shall make the foregoing available to the Lessor, but neither the Lessor, the Owner Participant nor the Indenture Trustee shall have any duty to do so; provided, however, that any such inspection shall in no way interfere with any repairs or maintenance or the use and operation of the Rail Equipment; and provided further, that in exercising such right of inspection, (i) the Lessor shall not unreasonably interfere with the Lessee's normal business operations and (ii) the Lessor shall hold the Lessee harmless from any claims resulting from injury, loss or death sustained by the Lessor's representatives on the Lessee's premises during any such inspection except to the extent that any such injury, loss or death occurs as a direct result of the Lessee's negligence or willful misconduct.

SECTION 7. Improvements.

(a) Improvements. The Lessee shall make such Improvements to the Rail Equipment as shall be required in order to comply with Section 5. In addition, the Lessee may make such other Improvements to the Rail Equipment as the Lessee may deem desirable, but only to the extent that such Improvements do not diminish, in the Lessee's good faith opinion, the Rail Equipment's fair market value, residual value, productive capacity, utility or remaining useful life.

(b) Title; Removal of Severable Improvements. Title to each Nonseverable Improvement and to each Governmentally Mandated Severable Improvement shall, without further act, vest in the Lessor. Title to each Severable Improvement (other than any Governmentally Mandated Severable Improvements) shall, without further act, vest or remain, as the case may be, in the Lessee (the Lessor making no representation or warranty hereby, except that such Severable Improvements shall be free and clear of all Owner Encumbrances); and provided that no Economic Default or Event of Default shall have occurred and be continuing, the Lessee at its own expense and risk shall have the right to remove any Severable Improvement to which the Lessee has title from the Rail Equipment at any time during or at the expiration of the Lease Term. Any Severable Improvement not so removed shall become the property of the Lessor without further act, free and clear of all rights of the Lessee. The Lessor shall have the right to purchase any Severable Improvements from the Lessee upon the expiration of the Lease Term, in consideration of the payment to the Lessee of the Fair Market Sales Value thereof (as determined pursuant to the Appraisal Procedure).

(c) Removal of Property; Replacements. The Lessee may, in the ordinary course of maintenance or repair of any Rail Equipment, remove any item of property constituting a part of such Rail Equipment, and unless the removal of such item is required by Section 5, the Lessee shall replace such item as promptly as possible by an item of property that is free and clear of all Liens (other than Permitted Encumbrances) and subject to the Lien of the Indenture and in as good operating condition as, and with a fair market value, residual value, productive capacity, utility and remaining useful life at least equal to, the item of property being replaced. Any item of property removed from such Rail Equipment as provided in the preceding sentence shall remain the property of the Lessor, free and clear of all rights of the Lessee other than those expressly set forth herein and in the other Operative Documents, until replaced in accordance with the terms of said sentence, but shall then, without further act, become the property of the Lessee. Any such replacement property shall, without further act, become the property of the Lessor and be deemed part of such Rail Equipment for all purposes hereof, subject to the Lien of the Indenture.

(d) Identification Marks. The Lessee shall cause each Unit to be kept numbered with the identifying number set forth in Schedule 1 to the Lease and Indenture Supplement executed and delivered on the Closing Date and shall keep and maintain, as soon as practicable after such Rail Equipment becomes subject to the terms of this Lease, plainly, distinctly, permanently and conspicuously marked on both sides of such Rail Equipment in letters not less than one inch in height, the words "Subject to a security agreement filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by Applicable Law in order to protect the title of the Lessor and the rights of the Lessor and the Indenture Trustee (so long as the Indenture shall not have been discharged in accordance with its terms) under the Operative Documents. The Lessee will not place any such Rail Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not permit the identifying number of any Rail Equipment to be changed unless and until a Lease amendment or statement of new identifying numbers to be substituted therefor shall have been furnished to the Lessor and the Indenture Trustee (so long as the Indenture shall not have been discharged in accordance with its terms) and duly filed, recorded or deposited in all public offices where this Lease and the Indenture shall have been filed, recorded and deposited; and the Lessee shall provide to

the Indenture Trustee and the Lessor an Opinion of Counsel to such effect and to the further effect that such filing, depositing and recordation constitutes notice to and is enforceable against all Persons and that no other filing, depositing or recordation under any law of the United States, a State (or its political subdivisions) or territory or possession of the United States is necessary to protect the interests of the Indenture Trustee and the Lessor in such Rail Equipment. The Lessee shall have the right at its expense to display indicia of operation of any Rail Equipment by the Lessee or any Affiliate of the Lessee and identify such Rail Equipment with such name as the Lessee may elect; provided, however, that the Lessee will not otherwise allow the name of any Person to be placed on any Rail Equipment as a designation that might be interpreted as a claim of ownership.

(e) Limited Use Property. Notwithstanding any provision of this Section 7 to the contrary, the Lessee shall make no modification, alteration, change, substitution or other improvement to any Rail Equipment, or any part thereof, that would cause such Rail Equipment to become "limited use property" within the meaning of Rev. Proc. 76-30.

SECTION 8. Liens.

(a) Liens. None of the Lessee and any sublessee nor any other Person shall directly or indirectly have any right, power or authority to, and none of the Lessee, any sublessee or any other Person shall, create, assume, incur or permit to exist any Lien on or with respect to any Rail Equipment, other than Permitted Encumbrances or Owner Encumbrances. The Lessee shall notify the Lessor promptly of the imposition of any such Lien and shall at its own cost and expense promptly cause the same to be discharged, dismissed or removed, and in any event within 30 days after the Lessee first knows of the existence of any Lien; provided, that notwithstanding the foregoing, the Lessee shall have the right to contest any such Lien in good faith by appropriate proceedings, diligently prosecuted or appealed, so long as (i) such Lien does not involve any material danger of the sale, forfeiture or loss of such Rail Equipment and (ii) such proceedings do not give rise to a not insignificant risk of any criminal liability on the part of the Owner Trustee, the Indenture Trustee or any Participant for which adequate indemnification is not available hereunder, all as in the reasonable opinion of the Lessor and the Indenture Trustee.

(b) Release of Liens. The Lessee agrees that it will at its own cost and expense promptly take such action as may be necessary duly to discharge any Liens that are not Permitted Encumbrances or Owner Encumbrances. In the event that any Rail

Equipment shall be attached, levied upon or taken into custody, or detained or sequestered, by virtue of any proceeding in any court or tribunal, or by any governmental or other authority on account of any such Lien, the Lessee shall at its own cost and expense cause such Rail Equipment to be released and all such Liens to be promptly discharged (except to the extent that the same shall be contested by the Lessee in good faith by appropriate proceedings, so long as (i) such Lien does not involve any material danger of the sale, forfeiture or loss of such Rail Equipment, (ii) such proceedings do not give rise to a not insignificant risk of any criminal liability on the part of the Owner Trustee, the Indenture Trustee or any Participant for which adequate indemnification is not available hereunder, all as in the reasonable opinion of the Lessor and the Indenture Trustee, and (iii) such Lien shall not affect the continued use of such Rail Equipment). The Lessee shall protect, save and keep harmless the Owner Participant, the Lessor, the Indenture Estate, the Indenture Trustee and the Holders from time to time of the Notes and their respective successors and assigns from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time (whether before, during or after the Lease Term) against the Owner Participant, the Lessor, the Indenture Trustee or any Holder in any way relating to or arising out of any such Liens that are not Permitted Encumbrances or Owner Encumbrances, but under no circumstances whatsoever shall the Lessee be liable for or responsible to the Owner Participant, the Lessor, the Indenture Estate, the Indenture Trustee or any Holder for any consequential damages.

SECTION 9. Rent.

(a) Interim Rent. The Lessee agrees to pay Interim Rent for each Unit in arrears in one installment due on the Basic Term Commencement Date, in an amount equal to the product of the Lessor's Cost for such Unit multiplied by the percentage listed in Schedule 2 to the Lease and Indenture Supplement opposite the Basic Term Commencement Date.

(b) Basic Rent. Subject to any adjustments required by paragraphs (e) and (f) of this Section 9 and by the immediately following sentence, the Lessee hereby agrees to pay to the Lessor (i) on each Payment Date during the Basic Term, Basic Rent for each Unit payable in semi-annual installments, each in an amount equal to the product of the Lessor's Cost for such Unit multiplied by the percentage listed in Schedule 2 to the Lease and Indenture Supplement opposite the relevant Payment Date, and each in arrears or in advance, as indicated

in Schedule 2 to the Lease and Indenture Supplement, (ii) for any Renewal Term pursuant to paragraph (b) of Section 2 of this Lease, Basic Rent payable on such dates and in such amounts as provided in such paragraph (b) and (iii) for any extension of the Lease Term contemplated by the last paragraph of Section 2(c) or by Section 2(g), Basic Rent, payable on the date such Unit shall be delivered by the Lessee to the Lessor pursuant to Section 2(c), in an amount for each day of such extension equal to 1/180th of the average of the Basic Rent paid on each Payment Date in the Basic Term or the applicable Renewal Term, as the case may be, prior to such extension. All payments (other than Excepted Property) to be made by the Lessee under this Lease will become subject to the Lien of the Indenture and to all the rights of the Indenture Trustee thereunder.

(c) Supplemental Rent. In addition to its obligation to pay Interim Rent and Basic Rent hereunder, the Lessee shall pay to the Lessor or such other Person entitled thereto any and all Supplemental Rent (whether provided for herein or in any other Operative Document) as and when the same shall become due and owing, including, without limitation, the following:

(i) The Lessee agrees to pay to the Lessor (or to such other Person entitled thereto, in the case of any Supplemental Rent not paid when due), on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at a rate per annum equal to the Overdue Rate on any part of any installment of Interim Rent, Basic Rent or Supplemental Rent not paid when due for any period for which the same shall be overdue.

(ii) If an Indemnity Loan is made pursuant to Section 8 of the Tax Indemnification Agreement, then the Lessee shall pay Supplemental Rent in amounts equal to the interest payable by the Owner Participant with respect to such Indemnity Loan, at the time the same shall become due.

(iii) The Lessee agrees that any Premium payable with respect to the Notes upon the payment by the Lessee of the Projected Fair Market Sale Value - EBO, Stipulated Loss Value or Termination Value pursuant to this Lease, or upon a refinancing of the Notes pursuant to Section 20 of the Participation Agreement, shall be payable, by the Lessee on behalf of the Lessor in accordance with the terms of the Indenture, as Supplemental Rent.

(iv) The Lessee agrees that any payments required under the Tax Indemnification Agreement (other than pursuant to Section 7(a)(i) thereof) or Section 13 of the Participation Agreement shall be deemed payable as Supplemental Rent hereunder.

(d) Manner of Payment; Unconditional Payment. All Rent (except all amounts of Supplemental Rent, indemnities and other payments of any kind which are payable directly to the Owner Participant, or which are payable directly to the Lessor for the sole benefit of the Owner Participant or WTC) shall be paid by the Lessee to the Lessor at its office at Rodney Square North, Wilmington, DE 19890, Attention: Corporate Trust Administration, or as the Lessor may otherwise direct from time to time in writing; provided that, so long as the Indenture shall not have been discharged pursuant to Section 501 thereof, Lessor hereby directs, and the Lessee agrees, that all payments of Rent (except as otherwise indicated in the first parenthetical clause of this sentence) and all other amounts payable hereunder (other than Excepted Property, which shall be paid to the Person entitled thereto) shall be paid directly to the Indenture Trustee at its office at 2 Hopkins Plaza, Baltimore, Maryland 21201, Attention: Corporate Trust Department, or as the Indenture Trustee may otherwise direct in writing. Except as otherwise provided in paragraph (h) of this Section 9, all Interim Rent, Basic Rent and Supplemental Rent shall be payable in immediately available funds at the place where payment is required to be made on or before 11:00 A.M. (Baltimore City time) on the day when each such payment shall be due. Except as specifically provided in this Lease, the Lessee's obligation to pay Interim Rent, Basic Rent and Supplemental Rent payable hereunder shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which the Lessee may have against the Lessor, the Indenture Trustee, any Participant or anyone else for any reason whatsoever, including, without limitation, any default by the Lessor or any party to the Participation Agreement or any agreement referred to therein in their respective obligations hereunder or thereunder, (ii) any unavailability of any Rail Equipment, after its delivery and acceptance by the Lessee hereunder, for any reason, including, without limitation, any lack or invalidity of title or any other defect in the title, condition, design, operation, merchantability or fitness for use of any Rail Equipment, (iii) any failure or delay on the part of the Lessor, the Indenture Trustee or any Participant or any other Person, whether with or without fault on its part, in performing or complying with any of the terms or covenants hereunder or any of the other Operative Documents, (iv) any loss or destruction of, or damage to, any Rail Equipment or interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever and of whatever duration, (v) any insolvency, bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding by or against the Lessor, the Indenture Trustee, the

Lessee or any Participant, (vi) any breach of any representation or warranty of, or any act or omission of, the Lessor, the Indenture Trustee or any Participant, (vii) any claims as a result of any other business dealings by the Lessor, the Indenture Trustee, any Participant or the Lessee, (viii) the requisitioning, seizure or other taking of title to or use of any Rail Equipment by any government or governmental authority or otherwise whether or not by reason of any act or omission of the Lessor or the Lessee or the Indenture Trustee, or any other deprivation or limitation of use of any Rail Equipment in any respect or for any length of time, whether or not resulting from accident and whether or not without fault on the part of the Lessee, (ix) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, (x) the lack of right, power or authority of the Lessor to enter into this Lease, (xi) any ineligibility of such Rail Equipment for any particular use, whether due to any failure of the Lessor, the Lessee or any other Person to comply with any law or governmental regulation or otherwise, (xii) any event of force majeure or any frustration, (xiii) any legal requirement or (xv) any other cause, circumstance or happening, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. The Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, the Lessee nonetheless agrees to pay to the Lessor an amount equal to each Basic Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Except to the extent of any payment in excess of that required to be made hereunder, each payment of Basic Rent and Supplemental Rent made by the Lessee shall be final, and the Lessee will not seek to recover all or any part of such payment from the Indenture Trustee, any Holder of a Note, the Lessor or any Participant for any reason whatsoever.

(e) Adjustments for Loss of Tax Benefits. In the event that a Loss of Tax Benefits occurs (for which the Owner Participant receives indemnification under the Tax Indemnification Agreement), then the Stipulated Loss Value percentages and the Termination Value percentages shall be adjusted by the Owner Participant as appropriate to maintain its Net Return. Upon any adjustment pursuant to this Section 9(e) of the Termination Value percentages, the Projected Fair Market Sales Value - EBO shall also be adjusted; provided, that the Projected Fair Market Sales Value - EBO for each Unit shall

in no event be reduced (under this Section 9(e) or otherwise) to less than the estimated fair market sales value of a Unit on January 1, 2009, as set forth in the Appraisal on the Closing Date. In calculating any adjustment pursuant to this Section 9(e), the Owner Participant shall utilize the same methods and assumptions originally used as of the Closing Date to calculate the Stipulated Loss Value percentages, Termination Value percentages and Projected Fair Market Sale Value - EBO, except as such assumptions have been deemed amended (if and to the extent appropriate) pursuant to the terms of this Lease or the Tax Indemnification Agreement solely and directly as a result of a Loss of Tax Benefits or an event described in clause (i), (ii), (iii), (iv) or (v) of the first sentence of Section 9(f) hereof.

(f) Other Adjustments. The Interim Rent and Basic Rent percentages set forth in Schedule 2 to the Lease and Indenture Supplement and the Stipulated Loss Value percentages and Termination Value percentages set forth in Schedules 3 and 4, respectively, to the Lease and Indenture Supplement delivered in accordance with the terms hereof and of the Participation Agreement, shall be adjusted upward or downward if:

(i) delivery and acceptance of any Rail Equipment shall not occur on the date and in the amounts (either as to the number of Units to be delivered on such date or the Lessor's Cost thereof) set forth in Schedule 3 to the Participation Agreement as in effect on the Closing Date;

(ii) the Basic Term Commencement Date shall be other than that set forth in the Operative Documents;

(iii) the Transaction Costs payable pursuant to Section 17(b) of the Participation Agreement are less than or greater than 1.35% of the aggregate Lessor's Cost for the Rail Equipment or are paid on any date other than the Closing Date;

(iv) the Notes are refinanced pursuant to Section 20 of the Participation Agreement (which adjustment shall reflect, inter alia, the amount of any Costs relating to such refinancing which are paid by the Owner Participant); or

(v) the Lessee makes an election under Section 7(a)(i) of the Tax Indemnification Agreement;

which adjustments shall be calculated promptly after the occurrence of the event giving rise thereto, shall be such as to maintain the Owner Participant's Net Return (after giving effect to the factors taken into account in such adjustments) and shall be effective (x) in the case of an adjustment pursuant to clause (i), (ii) or (iii) above, as of the Closing

Date, (y) in the case of an adjustment pursuant to clause (iv) above, as of the date of refinancing, and (z) in the case of an adjustment pursuant to clause (v) above, as of the date of adjustment. Upon any adjustment hereunder of the Termination Value percentages, the Projected Fair Market Sales Value - EBO shall also be adjusted; provided, that the Projected Fair Market Sale Value - EBO for each Unit shall in no event be reduced (under this Section 9(f) or otherwise) to less than the estimated fair market sales value of a Unit on January 1, 2009, as set forth in the Appraisal on the Closing Date. In calculating any adjustment pursuant to this Section 9(f), the Owner Participant shall utilize the same methods and assumptions originally used as of the Closing Date to calculate the payments of Basic Rent, Stipulated Loss Value percentages and Termination Value percentages, except as such assumptions have been deemed amended (if and to the extent approriate) pursuant to the terms of this Lease or the Tax Indemnification Agreement solely and directly as a result of a Loss of Tax Benefits or an event described in clause (i), (ii), (iii), (iv) or (v) of the first sentence of this Section 9(f).

Each adjustment made pursuant to this paragraph (f) shall satisfy the requirements of (i) in the case of adjustments pursuant to Sections 9(f)(iv) and (v), to the extent practicable, Section 467 of the Code as in effect at the time of such recalculation or adjustment (on a prospective basis), (ii) in the case of adjustments pursuant to Section 9(f)(i), (ii) and (iii), to the extent practicable, Section 467 of the Code as in effect on the Closing Date (on a prospective basis, but the provisions of this clause (ii) shall not adversely affect any right of the Owner Participant to indemnification in respect of the application of Section 467 of the Code as a result of such event under the Tax Indemnification Agreement), and (iii) in all cases (and utilizing the Appraisal delivered on the Closing Date), on a prospective basis (except for the application of Section 4.07 of Rev. Proc. 75-28), Rev. Procs. 75-21 and 75-28 as in effect on the Closing Date, and F.A.S.B. Statement No. 13 for treatment in respect of the Owner Participant as a leveraged lease; provided that any requirement identified in this paragraph shall not apply if and to the extent the same was not satisfied as of the Closing Date.

(g) Determination of Adjustments. Any adjustment pursuant to Section 9(e) or 9(f) shall initially be computed by the Owner Participant, which shall make such computation so as to minimize (to the greatest extent possible, consistent with maintaining the Owner Participant's Net Return) the present value as of the Closing Date (computed utilizing a discount rate equal to 9.93%) of the payments of Basic Rent. The results of such computation by the Owner Participant shall promptly be delivered to the Lessee. Within 10 Business Days

after the receipt of the results of an adjustment, the Lessee may request that the Verifying Accountant verify, after consultation with the Owner Participant and the Lessee, the accuracy of such adjustment in accordance with Section 9(e) or 9(f), and, subject to the provisions of Section 12 of the Tax Indemnification Agreement regarding confidentiality, the Owner Participant and the Lessee hereby agree to provide the Verifying Accountant with all information and materials as shall be reasonably necessary in connection therewith. If the Verifying Accountant confirms that such adjustment is in accordance with Section 9(e) or 9(f), it shall so certify to the Lessee, and such certification shall be final, binding and conclusive on the Lessee, the Owner Participant and the Lessor. If the Verifying Accountant concludes that such recalculation or adjustment is not in accordance with Section 9(e) or (f), it shall so certify to the Lessee and the Owner Participant, and the Owner Participant shall again compute the required adjustment. Such further adjustment shall again be subject to the provisions of this Section 9(g). The final determination of any recalculation or adjustment hereunder shall be set forth in an amendment to this Lease, executed and delivered by the Lessor and the Lessee and consented to by the Owner Participant; provided, however, that failure to execute and deliver such amendment shall not affect the validity and effectiveness of any such recalculation or adjustment. The reasonable fees of the Verifying Accountant in verifying an adjustment pursuant to this Section 9(g) shall be paid by the Lessee within ten days after demand, except that the Lessor and the Owner Participant shall pay such fees, costs and expenses if such recalculation or adjustment is required to be recomputed because of an error of the Owner Participant resulting in a net present value as of the Closing Date (calculated at a discount rate equal to 9.93%) of the recalculated or adjusted Basic Rent that is 10 or more basis points higher than the net present value as of the Closing Date (at such discount rate) of the Basic Rent as finally determined hereunder.

(h) Interim Amount. The Lessor shall give the Lessee at least two Business Days' prior written notice if it has elected to pay funds equal to the Interim Amount on the Basic Term Commencement Date; provided, however, that no delivery by the Lessor of any such notice shall limit or relieve the Lessee's absolute and unconditional obligation to pay Rent under this Lease. If and to the extent that the Lessor shall not remit funds to the Indenture Trustee in an amount equal to the Interim Amount on the Basic Term Commencement Date, the Lessee shall, to such extent, pay as Rent to the Lessor the unpaid portion of the Interim Amount payable on such date. For all purposes under this Lease and the other Operative Documents, the sum of (x) any Interim Amount paid by the Lessee

pursuant to this Section 9(h) plus (y) accrued interest on the unreimbursed portion thereof at a rate equal to the Overdue Rate from, but excluding, the date such amount is paid by the Lessee to and including the date it is reimbursed, by the Owner Participant or pursuant to the following sentence, shall be referred to as the "Reimbursement Amount." The Lessee shall be entitled to offset, without duplication and without limitation of any other right the Lessee may have against any other Person, against any Rent (other than any Rent constituting Excepted Property payable solely to WTC and other than as limited by the penultimate sentence of this Section 9(h)) due from the Lessee to the Lessor or the Owner Participant under the Operative Documents, until the Lessee has been fully reimbursed for the Reimbursement Amount, whether by cash payments, offsets as herein provided or any combination thereof. The Lessee may, pursuant to the proviso contained in paragraph Second of Section 1001(b) of the Indenture, specify to the Indenture Trustee the Reimbursement Amount, if any, to be returned to the Lessee from funds otherwise distributable to the Owner Trustee thereunder. No such offset or aggregate combined effect of separate offsets shall reduce the amount of any installment of Interim Rent or Basic Rent (or any amount of Supplemental Rent then due to the extent such Supplemental Rent constitutes Premium on the Notes) to an amount insufficient to pay in full the payments then required to be made on account of the principal of and interest and Premium, if any, on the Notes then Outstanding. Any payment of the Interim Amount made by the Lessee shall be deemed to be a prepayment of Basic Rent made in the order in which installments of such Basic Rent become due.

(i) Sufficiency of Rent. Notwithstanding any provision to the contrary contained in this Lease or in any other Operative Document, (i) the amount of each Interim Rent or Basic Rent payment payable hereunder shall be at least sufficient to pay, on each Payment Date, any amounts then required to be paid by the Lessor on account of (including mandatory redemption of) the principal of and interest on the Notes on such date and (ii) the amount of Stipulated Loss Value or Termination Value payable hereunder on each Payment Date (together with the amount of Basic Rent, and Premium, if any, due hereunder on the Payment Date for which Stipulated Loss Value or Termination Value is being calculated), before and after giving effect to any adjustments of the percentages relating thereto provided for in this Lease, shall be at least sufficient to pay or redeem in full, as and when due in accordance with the terms thereof, the principal of and all accrued interest on the Notes from time to time outstanding. Any Premium payable with respect to the Notes shall be payable as Supplemental Rent, and the amount of each Supplemental Rent payment payable hereunder shall, if there shall then be Premium

or interest calculated at the Overdue Rate payable on or with respect to the Notes, in any event be at least sufficient to pay, in accordance with the Indenture, all such amounts of Premium and all interest calculated at the Overdue Rate then payable on or with respect to the Notes; provided, however, that if this Lease is terminated with respect to any Rail Equipment pursuant to Section 12(a) and the Lessor elects to retain such Rail Equipment pursuant to Section 12(c), any Premium on the Notes payable by the Owner Trustee under Section 12(c) or Section 401(b) of the Indenture shall not be payable as Supplemental Rent hereunder; and provided, further, that if the Owner Trustee has elected to redeem the Notes pursuant to Section 1202(a) of the Indenture, any Premium on the Notes payable by the Owner Trustee under Section 401(e) of the Indenture shall not be payable as Supplemental Rent hereunder.

SECTION 10. Insurance. (a) The Lessee shall at all times after the Closing Date, at its own expense, carry and maintain or cause to be carried and maintained (i) casualty property insurance with respect to each Unit subject to this Lease and (ii) public liability insurance with respect to third party personal and property damage, in each case with such deductibles, in such amounts, against such risks, with such insurance companies and subject to such self-insurance as is consistent with Class I Railroad industry practice, and in any event, in amounts not less than and against such risks so as to be no less protective than the insurance, if any, maintained by the Lessee or its Affiliates with respect to similar rail equipment owned or leased by the Lessee or its Affiliates.

(b) The proceeds of any insurance for damage to any Rail Equipment not constituting an Event of Loss shall be applied in payment for the repair of such damage to the extent required to maintain such Rail Equipment in accordance with Sections 2(d) and 5 (other than the last sentence thereof), if such repair shall not have already been paid for by the Lessee, or, if already paid by the Lessee, to reimburse the Lessee for its payment of such repair, and any balance remaining after compliance with said Sections 2(d) and 5 (other than the last sentence thereof) shall, provided no Event of Default shall have occurred and be continuing, be paid over to, or retained by, the Lessee.

(c) The Lessee agrees that it will not do any act or voluntarily suffer or permit any act to be done whereby any insurance required to be maintained hereunder shall or may be suspended or impaired and will not suffer or permit any Rail Equipment to be used or maintained in a manner not permitted under the insurance policies, if any, maintained hereunder without first covering such Rail Equipment for such use.

(d) Any Participant, the Indenture Trustee or the Owner Trustee may at its own expense provide insurance on or with respect to the Rail Equipment or the operation thereof unless such insurance would conflict with or otherwise limit any insurance maintained by the Lessee (whether or not pursuant to this Section 10); provided, however, that any insurance so maintained by the Indenture Trustee, the Owner Trustee or any Participant shall provide by its terms that the insurer shall have no rights of subrogation against the Lessee with respect to claims thereunder.

(e) The Lessee will arrange to be delivered to the Lessor and the Indenture Trustee copies of all applicable provisions of any such insurance carried on the Rail Equipment prior to the Closing Date. The Lessor may, but not more than once in any twelve-month period, request from the Lessee, and the Lessee shall promptly thereafter furnish to the Lessor and the Indenture Trustee, an Officer's Certificate setting forth all insurance maintained by the Lessee pursuant to this Section 10 and describing such policies, if any, including the amounts of coverage, any deductible amounts, the names of the insurance providers and a general description of each such policy's terms. The Lessee shall give written notice to the Lessor 30 days in advance of any material diminution in the coverage afforded under each such policy and of the expiration of any such policy which is not being renewed or replaced.

(f) If any of the publicly traded equipment trust certificates of the Lessee ("ETC's") shall be rated below investment grade by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, in the event that there are no ETC's then outstanding, if the Notes shall be rated below investment grade by either such organization), then upon the request of the Lessor, the Lessee shall cause the Owner Participant, the Owner Trustee and the Indenture Trustee to each be included, if possible, as an additional insured under the public liability insurance, if any, maintained by the Lessee pursuant to Section 10(a); provided, however, that any such inclusion need no longer be maintained at such time as the ETC's or Notes, as the case may be, are no longer rated below investment grade by either such rating organization. For purposes of this Section 10(f) only, the Lessee agrees that it will cause the Notes to be rated and re-rated by at least one such rating organization on an annual basis, in the event that (but only for so long as) no ETC's are then outstanding; provided, that the Lessee may elect (in its sole discretion) to cause the Owner Participant, the Owner Trustee and the Indenture Trustee to each be included as an additional insured under such public liability insurance, in lieu of causing the Notes to be rated or re-rated.

SECTION 11. Loss, Requisition or Seizure.

(a) Requisition. A taking of any Rail Equipment for use by any governmental entity shall not terminate this Lease with respect to such Rail Equipment, but the Lessee shall remain liable for all its obligations hereunder and under the other Operative Documents with respect to such Rail Equipment, including, without limitation, its liability for payment of Rent, unless and until such taking becomes an Event of Loss hereunder, at which time the provisions of Section 11(b) shall apply. So long as such taking shall not have become an Event of Loss hereunder, all payments received by the Lessor or the Lessee for use of such Rail Equipment as a result of such taking during the Lease Term shall be paid over to, or retained by, the Lessee except if an Event of Default shall have occurred and be continuing in which event such payments shall be payable to the Lessor, or to whomever shall be entitled to receive the same subject to an accounting between the Lessor and the Lessee at the termination of this Lease. Provided no Economic Default or Event of Default shall have occurred and be continuing, after an Event of Loss with respect to any Rail Equipment, all payments received by the Lessor or the Lessee for use of such Rail Equipment under this paragraph (a) shall be paid over to, or retained by, the Lessee; otherwise all such payments shall be retained by or paid over to the Lessor or to whomever shall be entitled to receive the same.

If an Event of Loss described in clause (iv) of the definition thereof would otherwise occur with respect to any Unit of Rail Equipment on the last day of the Basic Term or any Renewal Term then in effect, then the Lessor shall be entitled to elect, by irrevocable written notice to the Lessee prior to the last day of the Basic Term or the Renewal Term then in effect, to accept return of such Unit on an "as is", "where is" basis, subject to all risk of loss and to any of the events described in such clause (iv), in lieu of deeming such event to constitute an Event of Loss with respect of such Unit. Upon any such election, the Lessee shall without further act be deemed released from any and all obligations under Sections 2(c) and 2(d) with respect to the Unit(s) subject to such election.

(b) Event of Loss. The Lessor may, but not more than once in any twelve-month period, request from the Lessee, and the Lessee shall promptly thereafter furnish to the Lessor and the Indenture Trustee, an Officer's Certificate identifying each Event of Loss of which the Responsible Officer delivering such certificate has actual knowledge. Subject to the provisions of paragraph (c) below, on each Payment Date (but no later than 90 days after the final Payment Date or no later than 90 days after the redelivery of the Rail Equipment whose

Lease Term has been extended pursuant to Section 2(g)), the Lessee shall pay to the Lessor, or to whomever shall be entitled to receive the same, (x) the Stipulated Loss Value for any Rail Equipment in respect of which a Responsible Officer of the Lessee shall then have actual knowledge of the occurrence of an Event of Loss for which Stipulated Loss Value has not theretofore been paid, computed as of such Payment Date (or in the case of an Event of Loss with respect to any Rail Equipment for which Stipulated Loss Value has not theretofore been paid or in the event of an extension of the Lease Term pursuant to Section 2(g), computed as of the final Payment Date), plus (y) if the date the payment of Stipulated Loss Value shall be due shall be other than a Payment Date, an amount equal to interest at the Overdue Rate computed for the period from, and including, the final Payment Date to, but excluding, the date such Stipulated Loss Value shall be paid, plus (z) the Interim Rent (if such Payment Date is the Basic Term Commencement Date) or the Basic Rent payable on such Payment Date (if and to the extent Basic Rent is then being paid in arrears) and all other unpaid Rent for such Rail Equipment accrued to the date such payment of Stipulated Loss Value shall be due. After the payment in full of such Stipulated Loss Value and such other amounts, the Lessee's obligation to pay further Basic Rent with respect to such Rail Equipment shall terminate.

All payments (including, without limitation, condemnation awards and insurance proceeds) received by the Lessor or the Lessee from any governmental authority, insurance company or otherwise as compensation for an Event of Loss with respect to any Rail Equipment shall be applied in reduction of the Lessee's obligation to pay the Stipulated Loss Value of such Rail Equipment, if not already paid by the Lessee, or if already paid by the Lessee, shall be applied to reimburse the Lessee for its payment of Stipulated Loss Value, and the excess, if any, of such payments over such Stipulated Loss Value shall be paid over to and retained by the Lessee; provided, that in the case of any condemnation awards, such excess, if any, shall be paid over to, and retained by, the Lessee and the Lessor, as their interests may appear. In the event that the Lessee shall make payment as provided above, including payment by application of condemnation or insurance proceeds and shall pay all other Rent then owing under this Lease with respect to any Rail Equipment subject to an Event of Loss, this Lease shall terminate with respect to such Rail Equipment and the Lessee or its designee (i) shall, subject to the Lessor's right to retain excess condemnation awards pursuant to the proviso of the immediately preceeding sentence, be subrogated to all rights that the Lessor shall have with respect to such Rail Equipment, (ii) shall, subject to the Lessee's obtaining any governmental consents required, receive assignments and bills of sale from the Lessor (in such form as the Lessee or such designee shall reasonably require) of any or

all such rights, together with all the Lessor's right, title and interest in and to such Rail Equipment, free and clear of any Owner Encumbrances, but otherwise without any representation, recourse or warranty of any character on the part of the Lessor, and (iii) shall have the right to abandon such Rail Equipment to underwriters on behalf of the Lessor as well as itself. In such case, the Lessor shall, at the Lessee's expense, execute or cause to be executed such documents and take such other action as the Lessor shall require to effect the surrender to the insurance underwriters of such Rail Equipment. The Lease Term shall terminate with respect to such Rail Equipment upon payment of Stipulated Loss Value and all Rent therefor then owing.

(c) Replacement. Provided that no Economic Default or Event of Default shall have occurred and be continuing, in lieu of payment of all or a portion of the Stipulated Loss Value for any Unit of Rail Equipment due and owing as provided in subsection (b) above, the Lessee may, on or prior to the date on which such Stipulated Loss Value would have otherwise been due, convey or cause to be conveyed to Lessor, as replacement for any such Unit with respect to which an Event of Loss occurred, title to Replacement Rail Equipment free and clear of all Liens other than Permitted Encumbrances and having a then fair market value, residual value, productive capacity, utility and remaining useful life at least equal to, and being in as good operating condition as, such Unit with respect to which an Event of Loss occurred, assuming such Unit was in at least the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss (other than the last sentence of Section 5). Prior to or at the time of any such conveyance, the Lessee, at its own expense, will furnish the Lessor with (i) a seller bill of sale, in form and substance satisfactory to Lessor, with respect to such Replacement Rail Equipment and (ii) a written opinion of Independent counsel selected by the Lessee and reasonably acceptable to the Lessor to the effect that the Lessor, and the Indenture Trustee as the assignee of the Owner Trustee's rights under the Lease, are entitled to the benefits of Section 1168 of the Federal Bankruptcy Code with respect to such Replacement Rail Equipment; provided, however, that the opinion described in the immediately preceding clause (ii) shall only be required if and to the extent that the Lessee has elected pursuant to this Section 11(c) to replace more than 10%, in the aggregate, of the original number of Units on the Closing Date. In addition to the requirements set forth above, the Lessee shall, as a condition of making an election pursuant to this Section 11(c), acknowledge to the Lessor in writing its obligations for Taxes, if any, attributable to its replacement of any Unit under Section 13.2 of the Participation Agreement and its liability to indemnify the Owner Participant under the Tax Indemnification Agreement for any Loss of Tax Benefits

arising as a direct result of such election or replacement, pursuant to and subject to all of the terms and conditions of the Tax Indemnification Agreement. Upon full compliance by the Lessee with the terms of this Section 11(c) to the reasonable satisfaction of the Lessor, the Lessor will transfer to the Lessee, without recourse or warranty (except as to the Owner Encumbrances) and subject to a disclaimer satisfactory to the Lessor of all liabilities, including tort and negligence with respect to such replaced Rail Equipment, all of the Lessor's right, title and interest, if any, in and to such replaced Rail Equipment with respect to which an Event of Loss occurred. For all purposes hereof, such Replacement Rail Equipment shall, after such conveyance, be deemed part of the property leased hereunder and shall be deemed "Rail Equipment" as defined herein. No Event of Loss with respect to any Rail Equipment under the circumstances contemplated by the terms of this Section 11(c) shall result in any reduction in Basic Rent.

SECTION 12. Termination for Obsolescence.
(a) Notwithstanding any provision herein contained to the contrary, so long as no Economic Default or Event of Default shall have occurred and be continuing, in the event that a Responsible Officer of the Lessee shall reasonably determine that any Units of the Rail Equipment shall have become economically obsolete or surplus to the Lessee's requirements and shall have delivered to the Lessor and the Indenture Trustee an Officer's Certificate to such effect (and which Officer's Certificate shall expressly state that such determination was made without regard to then prevailing interest rates or the Lessee's obligations hereunder), the Lessee shall have the right at its option, on at least 180 days' prior irrevocable written notice to the Lessor and the Indenture Trustee, to terminate this Lease with respect to not less than 10% of the original number of Units subject to this Lease (randomly selected by computer generated numbers without regard to the condition of any such Rail Equipment) on any Payment Date (the "Termination Date") specified in such notice; provided, however, that the Lessee agrees, on behalf of the Lessor, to give an irrevocable written notice of redemption to the Indenture Trustee with respect to that portion of the Notes Outstanding to be redeemed pursuant to Section 401(b) of the Indenture in connection with such termination; and provided, further, that (a) the Termination Date shall occur during the Basic Term on or after the fifth anniversary of the Basic Term Commencement Date, (b) on the Termination Date such Rail Equipment shall be in the same condition and at the same location as if being returned pursuant to Sections 2(c) and 2(d) free and clear of all Liens (except as permitted by Section 2(d)), and (c) such Termination Date shall occur on a Payment Date at least 60 days after the Lessee, on behalf of

the Lessor, gives the notice to the Indenture Trustee referred to in the first proviso to this sentence to redeem an aggregate principal amount of Notes Outstanding equal to the product of (i) the aggregate principal amount of Notes Outstanding on such date after application by the Indenture Trustee of Basic Rent (if and to the extent Basic Rent is then being paid in arrears) to the payment due on such date and (ii) a fraction the numerator of which is the Lessor's Cost for the Rail Equipment so being designated as obsolete or surplus and the denominator of which is the aggregate Lessor's Cost for all of the Rail Equipment then subject to the Indenture.

(b) During the period from the giving of such notice until the Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of such Rail Equipment, and the Lessee shall certify to the Lessor the amount of each bid and the name and address of the party submitting such bid. On the Termination Date (or such later date as the Lessor and the Lessee may mutually agree) the Lessor shall sell such Rail Equipment for cash to the bidder who shall have submitted the highest bid prior to the Termination Date; provided, however, that the purchaser of such Rail Equipment shall be a Person other than the Lessee, any Affiliate of the Lessee or any successor or assign of the Lessee or any such Affiliate. The sales price (net of any costs and expenses incurred by or on behalf of the Lessor or the Owner Participant) realized at such sale shall be paid to the Lessor or to whomever shall be entitled to receive the same, and, in addition, on the Termination Date the Lessee shall pay to the Lessor, or to whomever shall be entitled to receive the same, the amount, if any, by which (i) the Termination Value for such Rail Equipment, computed as of the Termination Date, exceeds (ii) the sales price of such Rail Equipment net of costs and expenses referred to above (or, if such sale does not occur on or prior to the Termination Date, the Lessee shall pay on the Termination Date to the Lessor, or to whoever shall be entitled to receive the same, the Termination Value specified in clause (i) above; provided, however, that any sale proceeds (net of the costs and expenses referred to above) received by the Lessor after the Termination Date shall be applied, first, to reimburse the Lessee for the amount specified in clause (i) above and, second, the balance (if any) shall be paid to the Lessor). In addition, the Lessee shall pay to the Lessor or to whomever shall be entitled to receive the same, the amount of the Basic Rent (if and to the extent Basic Rent is then being paid in arrears) payable on such Termination Date plus all other Rent (including Premium, if any, payable as Supplemental Rent) then due with respect to such Rail Equipment. In the event of termination of this Lease as to any Rail Equipment pursuant to this Section 12 and the receipt by the Lessor, or by whomever shall be entitled to

receive the same, of all amounts above described as payable, the obligation of the Lessee to pay Basic Rent in respect of such Rail Equipment on each Payment Date on (if and to the extent Basic Rent is then being paid in advance) and after the Termination Date shall terminate. The Lessor shall be under no duty to solicit bids (but shall have the right to do so), to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this Section 12, other than to transfer or to cause to be transferred to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided all the Lessor's right, title and interest in and to such Rail Equipment. Any sale pursuant to this Section 12 shall be free and clear of the Lessee's rights to such Rail Equipment, and any Owner Encumbrances, but otherwise shall be made without any representation, recourse or warranty whatsoever on the part of the Lessor except that the Lessor shall warrant to the purchaser that such Rail Equipment are free and clear of all Owner Encumbrances.

(c) The foregoing provisions of Section 12(b) to the contrary notwithstanding, the Lessor may, by irrevocable notice in writing given to the Lessee and the Indenture Trustee on or prior to the Termination Date, elect to retain such Rail Equipment, in which event the Lessor shall on the Termination Date (i) pay, or provide for the payment to the Indenture Trustee in the manner provided in Section 404 of the Indenture of, an aggregate principal amount of the Notes Outstanding (and Premium, if any) equal to the product of (A) the aggregate principal amount of Notes Outstanding on the Termination Date after the application by the Indenture Trustee of Basic Rent (if and to the extent Basic Rent is then being paid in arrears) to the payment due on the Notes Outstanding on the Termination Date and (B) a fraction the numerator of which is the aggregate Lessor's Cost for such Rail Equipment so being designated as obsolete or surplus and the denominator of which is the aggregate Lessor's Cost for all of the Rail Equipment then subject to this Lease, together with the Premium (if any) and accrued interest (if and to the extent Basic Rent is then being paid in arrears) thereon to the Termination Date, and (ii) deliver to the Lessee a release of all obligations of the Lessee to pay Basic Rent with respect to such Rail Equipment on any and all Payment Dates accruing on, but not before (if Basic Rent has been paid in advance), and after (but not on or before, if Basic Rent is then being paid in arrears) the Termination Date, as well as of the obligation of the Lessee to pay the Termination Value in respect thereof. In addition, the Lessee shall pay to the Lessor or to whomever shall be entitled to receive the same, the amount of the Basic Rent (if and to the extent Basic Rent is then being paid in arrears) payable on such Termination Date.

SECTION 13. Assignment and Sublease.

(a) Assignment. If no Economic Default or Event of Default has occurred and is continuing, the Lessee may with the prior written consent of the Lessor and the Indenture Trustee (so long as the Indenture shall not have been discharged in accordance with its terms), which consent of the Lessor and the Indenture Trustee (and, in the case of Section 703(b) of the Indenture, the Holders) may be withheld in the reasonable discretion of the Lessor or the Indenture Trustee, assign all of its rights and obligations under this Lease and the other Operative Documents to any Person which is a Class I Railroad; provided, however, that no such consent of the Lessor or the Indenture Trustee shall be required in the case of an assignment to an Affiliate of the Lessee if the Lessee remains liable for all its obligations under this Lease and the other Operative Documents to which it is a party to the same extent as if such assignment to such Affiliate had not been made; and provided, further, that (i) such assignment shall be effected by documentation in form and substance reasonably satisfactory to the Lessor, the Owner Participant and the Indenture Trustee pursuant to which the assignee assumes all of the Lessee's obligations hereunder and under the other Operative Documents including, without limitation, the Lessee's obligations under Sections 2(d) and 5 hereof and (ii) such assignment would not adversely affect the availability to the Indenture Trustee of benefits under Section 1168 of the Federal Bankruptcy Code with respect to the Rail Equipment and an Opinion of Counsel to such effect shall have been delivered to the Indenture Trustee and the Lessor. Upon such assignment, the Lessee shall (except as otherwise provided in the first proviso to the first sentence of this Section 13(a)) be released from its obligations hereunder, and, if requested by the Lessee, the Lessor, at the expense of the Lessee, shall execute and deliver such documents as may be necessary or appropriate to effectuate and confirm such release. The Lessee agrees to give reasonable prior notice to the Lessor, the Owner Participant and the Indenture Trustee of any assignment pursuant to the first proviso to the first sentence of this Section 13(a) of which a Responsible Officer of the Lessee has actual knowledge. Any assignment made in violation of this Section 13(a) shall be void.

(b) Sublease. The Lessee shall have the right, so long as no Event of Default shall have occurred and be continuing, to enter into a sublease with any Permitted Sublessee for any Rail Equipment for use within the United States, Canada and (with the prior written consent of the Indenture Trustee (and, in the case of Section 703(b) of the Indenture, the Holders), which consent shall not be unreasonably withheld) Mexico; provided, however, that each such sublease shall be expressly subject and subordinate to the terms of this Lease and the Lessee shall remain liable for all its obligations under this Lease and the other Operative Documents

to which it is a party to the same extent as if such sublease were not in effect. No such sublease shall relieve the Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety. For purposes of this Section 13(b), normal interchange, "run-through" and pooling arrangements in the ordinary course of business shall not be considered to constitute subleases.

(c) Indenture. The Lessee hereby specifically consents to the mortgage, pledge and assignments effected or to be effected by the Indenture. The Lessee agrees to deliver any further consents and acknowledgments with respect to any such mortgage, pledge or assignments as the Lessor or the Indenture Trustee may request.

(d) Assignment by Lessor. The Lessor agrees that it will not assign or transfer its right, title and interest in and to this Lease or any Rail Equipment, except as contemplated by the Indenture and except that the Lessor may prior to the end of the Basic Term or any Renewal Term, as the case may be, agree to sell or otherwise dispose of such Rail Equipment effective at or after the end of the Basic Term or such Renewal Term, as the case may be, provided that any such agreement is stated expressly to be subject and subordinate to the Indenture, unless the Indenture is no longer in effect, and to the rights of the Lessee hereunder. Prior to executing any such assignment of its rights hereunder, the Lessor shall notify the Lessee and the Indenture Trustee thereof.

SECTION 14. Events of Default. Each of the following events shall constitute an "Event of Default" (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body or any Applicable Law or otherwise):

(a) the Lessee shall fail to make any payment of Interim Rent, Basic Rent or Supplemental Rent (to the extent such Supplemental Rent constitutes payment of Premium or interest on any of the foregoing amounts) on the date the same shall become due and such failure shall be continuing at the end of the 10th calendar day after such payment shall become due; or

(b) the Lessee shall fail to make any payment of Supplemental Rent (to the extent such Supplemental Rent is not subject to paragraph (a) of this Section 14) before the end of the 10th Business Day after the Lessee (and, if such demand is being made by the Indenture Trustee, the Lessor) shall have received written demand for such payment from the Lessor or the Indenture Trustee; or

(c) the Lessee shall fail to perform or observe in a material respect, or shall otherwise breach in a material respect, any covenant, condition or agreement to be performed or observed by it hereunder (other than those referred to in paragraphs (a), (b), (g), (h) or (i) of this Section 14) or under any other Operative Document to which it is a party (except for the Tax Indemnification Agreement) and the Lessee shall not have diligently commenced to cure such failure (in the case of a cure that cannot be effected by the payment of money and where such failure is not likely (in the reasonable opinion of the Lessor or the Owner Participant) to result in criminal penalties or material civil penalties for the Lessor or the Owner Participant and is not likely (in the reasonable opinion of the Lessor or the Owner Participant) to have a material adverse effect on the aggregate value of the Rail Equipment then being leased hereunder) or shall not have cured such failure (in the case of a cure that can be effected by the payment of money or which is likely (in the reasonable opinion of the Lessor or the Owner Participant) to have a material adverse effect on the aggregate value of the Rail Equipment then being leased hereunder or to result in any criminal penalty or material civil penalty for the Lessor or the Owner Participant) on or prior to the 30th day after the Lessee (and, if such notice is being given by the Indenture Trustee, the Lessor) shall have received notice of such failure from the Lessor or from the Indenture Trustee; provided, however, that the failure by Lessee to cure such failure (in the case of a cure that cannot be effected by the payment of money) within 180 days after receiving such notice shall constitute an immediate Event of Default; or

(d) any representation or warranty made by the Lessee herein or in any Operative Document (other than the Tax Indemnification Agreement) or any document or certificate furnished by it to the Lessor, the Indenture Trustee or the Owner Participant shall prove at any time to be incorrect as of the date made in any material respect; or

(e) the Lessee shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any applicable bankruptcy or insolvency law (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against the Lessee in any such proceeding; or the Lessee shall by

voluntary petition, answer or consent, seek relief under the provisions of any now existing or future bankruptcy, insolvency or other similar law providing for the liquidation, reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or the Lessee shall take any corporate action to authorize any of the foregoing; or

(f) a receiver, trustee, liquidator or custodian of the Lessee or of a substantial part of its property shall be appointed by court order and such order shall remain in effect for more than 60 days; or the Lessee shall be adjudicated bankrupt or insolvent or any of its properties shall be sequestered by court order and such order shall remain in effect for more than 60 days; or a petition shall be filed against the Lessee under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within 60 days after such filing; or the Lessee shall make a general assignment for the benefit of its creditors; or the Lessee shall admit in writing its inability to pay its debts generally as they become due, or is unable to pay or is generally not paying its debts as they become due; or

(g) the Lessee shall fail to perform or observe in a material respect, or shall otherwise breach in a material respect, any covenant, condition or agreement to be performed or observed by it under Section 10, and the Lessee shall not have cured such failure on or prior to the 30th day after the Lessee (and, if such notice is being given by the Indenture Trustee, the Lessor) shall have received notice of such failure from the Lessor or from the Indenture Trustee; or

(h) the Lessee shall have assigned its rights and obligations under this Lease in violation of the requirements of Section 13(a); or

(i) the Lessee shall fail to perform or observe in a material respect, or shall otherwise breach in a material respect, any covenant, condition or agreement to be performed or observed by it under the last paragraph of Section 2(c), and the Lessee shall not have cured such failure on or prior to the 45th day after the Lessee (and, if such notice is being given by the Indenture Trustee, the Lessor) shall have received notice of such failure from the Lessor or from the Indenture Trustee.

SECTION 15. Action Following an Event of Default. Upon the occurrence of an Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default (except that no such declaration shall be required in the case of an Event of Default pursuant to paragraph (e) or (f) of Section 14); and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Lessor may do, and the Lessee shall comply with, one or more of the following, as the Lessor in its sole discretion shall so elect, to the extent permitted by and subject to compliance with, any mandatory requirements of applicable law then in effect:

(a) Redelivery and Retaking. Upon written demand, the Lessor may cause the Lessee, at the Lessee's expense, to, and the Lessee hereby agrees that it will, promptly redeliver the Rail Equipment, or cause the Rail Equipment to be redelivered, to the Lessor with all reasonable dispatch and in the same manner and in the same condition as if the Rail Equipment were being redelivered in accordance with all the provisions of Sections 2(c) and 2(d) and all obligations of the Lessee under said Sections shall apply to such redelivery; or the Lessor or its agent, at the Lessor's option, without further notice, may, but shall be under no obligation to, retake the Rail Equipment wherever found, and irrespective of whether the Lessee, any sublessee or any other Person is in possession of the Rail Equipment or any of them, all without prior demand and without legal process or summary proceedings, and for that purpose the Lessor or its agent may enter upon any premises, where any such Rail Equipment is and may take possession thereof, without the Lessor or its agent incurring any liability by reason of such retaking, whether for the restoration of damage to property caused by such retaking or for damages of any kind to any Person for or with respect to any cargo carried, or to be carried, by such Unit or for any other reason. The exercise by the Lessor of its remedies under this paragraph (a) shall be without prejudice, and in addition, to any of the Lessor's other remedies referred to below in this Section 15.

(b) Liquidated Damages. Provided the Lessor shall not have exercised any remedies under paragraph (c) of this Section 15, the Lessor, by written notice to the Lessee specifying a payment date not earlier than 10 nor later than 100 days from the date of such notice, may require the Lessee to pay to the Lessor, and the Lessee hereby agrees that it will pay to the

Lessor on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of any further Basic Rent payments hereunder with respect to any Rail Equipment, all Basic Rent for such Rail Equipment payable on the Payment Date occurring on (if Basic Rent is then being paid in arrears) or before the payment date specified in such notice, plus any Supplemental Rent then due, plus an amount equal to the Stipulated Loss Value for such Rail Equipment computed as of the Payment Date immediately preceding the payment date specified in such notice (or as of such payment date if such payment date is a Payment Date), plus any other amounts due under the Lease which have not been paid, including costs and expenses of pursuing remedies, together with interest on such amount at the Overdue Rate for the period, if any, from the Payment Date as of which such Stipulated Loss Value shall be computed to and including the date of actual payment, and, provided, that if the Lessee shall have made the foregoing payments in full, the Lessor shall thereafter pay over to the Lessee, as and when from time to time received, the net proceeds of any sale, lease or other disposition of such Rail Equipment (after deducting all costs and expenses whatsoever incurred by the Lessor, the Owner Participant and the Indenture Trustee in connection therewith and all other amounts which may become payable to the Lessor and the Owner Participant with respect thereto) up to the amount of such Stipulated Loss Value actually paid.

(c) Alternate Liquidated Damages. Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any options, rights or remedies under paragraph (a) or (d) of this Section 15, the Lessor, in lieu of exercising its rights under paragraph (b) of this Section 15, may, by notice to the Lessee specifying a Payment Date which is not earlier than 10 days after the date of such notice, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, on such Payment Date, as liquidated damages for loss of a bargain and not as a penalty, and in lieu of Basic Rent for any Rail Equipment due for periods commencing on or after such Payment Date, all unpaid Basic Rent for such Rail Equipment payable on each Payment Date occurring on (if Basic Rent is then being paid in arrears) or prior to such Payment Date, plus any other amounts due under the Lease which have not been paid, including costs and expenses of pursuing remedies, plus any Supplemental Rent then due with respect therefor, plus

whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the Overdue Rate for the period from the Payment Date specified in such notice to the date of actual payment):

(i) an amount equal to the excess, if any, of the Stipulated Loss Value of such Rail Equipment computed as of the Payment Date specified in such notice, over the Fair Market Rent thereof, determined by an Appraiser selected by the Lessor, for the remainder of the Lease Term applicable to such Rail Equipment after discounting such Fair Market Rent semi-annually to present worth as of such Payment Date at the Prime Rate; or

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value of such Rail Equipment computed as of the Payment Date specified in such notice, over the Fair Market Sale Value thereof, determined by an Appraiser selected by the Lessor, as of such Payment Date;

provided, however, that if such Rail Equipment cannot practicably be repossessed, the Fair Market Rent and the Fair Market Sale Value of such Rail Equipment for purposes of this Section 15(c) shall be deemed to be equal to zero.

(d) Sale; Use. The Lessor or its agent may sell any Rail Equipment at a public or private sale, by such advertisement or publication as the Lessor may determine, or otherwise may dispose of, hold, use, operate, lease (whether for a period greater or less than the balance of what would have been the Lease Term in the absence of the termination of the Lessee's rights to such Rail Equipment) to others or keep idle such Rail Equipment, all on such terms and conditions and at such place or places as Lessor may determine and all free and clear of any rights of the Lessee and of any claim of the Lessee in equity, at law or by statute, whether for loss or damage or otherwise, and without any duty to account to the Lessee except to the extent specifically provided in paragraph (b) above.

(e) Other Remedies. Subject to and without prejudice to any right or claim of the Indenture Trustee under the Indenture, the Lessor may exercise any other right or remedy that may be available to it under applicable law or in equity or proceed by

appropriate court action to enforce the terms of this Lease or to recover damages for the breach hereof or to rescind this Lease.

In addition, the Lessee shall be liable, on an After-Tax Basis, for any and all Supplemental Rent payable hereunder before, during or after the exercise of any of the foregoing remedies, which Supplemental Rent shall include all reasonable legal fees and other costs and expenses incurred by the Lessor, the Owner Participant and the Indenture Trustee by reason of the occurrence of any Event of Default or by reason of the exercise by the Lessor, the Owner Participant or the Indenture Trustee of any remedy hereunder, including, without limitation, any costs and expenses incurred by the Owner Participant, the Lessor or the Indenture Trustee in connection with any retaking of any Rail Equipment or, upon the redelivery or retaking of such Rail Equipment in accordance with this Section 15, the placing of such Rail Equipment in the condition required by the terms of Sections 2(d) and 5 and all other amounts owing by the Lessee hereunder which have not been paid or reimbursed to the Lessor. Except as specifically provided herein, no remedy referred to in this Section 15 is intended to be exclusive, but each shall be cumulative and is in addition to, and may be exercised concurrently with, any other remedy which is referred to in this Section 15 or which may otherwise be available at law, or in equity; provided, however, that liquidated damages having been agreed to by the parties hereto pursuant to paragraphs (b) and (c), above, the Lessor shall not be entitled to recover from the Lessee as damages upon the occurrence of one or more Events of Default an amount in excess of such liquidated damages plus any other Rent owing pursuant to the terms of this Lease. To the extent not required to satisfy any Notes and other amounts then payable under the Indenture, there shall be deducted from the aggregate amount so recoverable by the Lessor the net balance, if any, remaining of any moneys held by the Lessor which would have been required by the terms hereof or any other Operative Agreement to have been paid to the Lessee but for the occurrence of an Event of Default. To the extent permitted by applicable law, the rights of the Lessor and the obligations of the Lessee under this Section 15 shall be effective and enforceable regardless of the pendency of any proceeding which has or might have the effect of preventing the Lessor and the Lessee from complying with the terms of this Lease. No express or implied waiver by the Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any further or subsequent Event of Default.

SECTION 16. Notices. All notices, demands, declarations and other communications required under the terms and provisions hereof shall be in writing (including telex or

telecopy), regardless of whether a notice is expressly required to be in writing by any provision hereof, and shall be addressed (i) if to the Lessee, at its address at 100 North Charles Street B12C, Baltimore, Maryland 21201, Telecopy: (301)237-2702, Attention: Treasury Department; (ii) if to the Lessor or WTC at its address at Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Administration (telecopy (302) 651-8464), with a copy to the Owner Participant at its address specified in the Participation Agreement, (iii) if to the Indenture Trustee, at its address at P.O. Box 2258, Baltimore, Maryland 21203 (if by mail) and 2 Hopkins Plaza, Baltimore, Maryland 21201 (if by air express or by hand), Attention: Corporate Trust Department (telecopy (301) 347-8211), (iv) if to any Participant, at its respective address specified in the Participation Agreement, or (v) if to any of the foregoing, at such other address as such Person may from time to time designate in writing to the other Persons referred to in this Section 16. Notice shall be effective on receipt.

SECTION 17. Further Assurances and Financial and Other Information.

(a) Further Assurances; Perfection of Security Interests. The Lessee hereby agrees promptly and duly to execute and deliver to the Lessor or the Indenture Trustee such further documents and assurances and take such further action as either may from time to time reasonably request in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor and the Indenture Trustee hereunder and under the Indenture. The Lessee will at all times cause to be kept filed, and refiled, any required document or financing and continuation statements and cause to be taken such other actions, as may be specified in an Opinion of Counsel furnished to the Indenture Trustee as being required by law in order fully to perfect, preserve and protect the lien of the Indenture. The Lessee will pay or cause to be paid all taxes, fees and other charges in connection with such filing and refiling.

(b) Information as to Lessee. The Lessee agrees to furnish to the Lessor, the Owner Participant and the Indenture Trustee, in quantities reasonably requested, the following:

(i) Within 120 days after the end of each fiscal year of the Lessee, the Lessee's annual report on Form 10-K (or such other form containing the same information as may be required by the Securities and Exchange Commission) for such year as filed with the Securities and Exchange Commission or, if the Lessee is not subject to the

reporting requirements of the Securities Exchange Act of 1934, as amended, a consolidated balance sheet of the Lessee and its consolidated Affiliates as of the end of the year, and a consolidated statement of income, shareholders' equity and cash flow of Lessee and its consolidated Affiliates for the year, setting out in each case, in comparative form, the consolidated figures for the previous fiscal year, all in reasonable detail, and accompanied by the opinion of independent public accountants selected by the Lessee stating that (i) the financial statements were prepared in accordance with generally accepted accounting principles and practices applied (except as otherwise specified in such opinion) on a basis consistent with that of the preceding fiscal year, and present fairly the financial condition of the Lessee and its consolidated Affiliates as of the end of such fiscal year and the consolidated results of operations for the period then ended, and (ii) the audit by such accountants was made in accordance with generally accepted auditing standards;

(ii) Within 60 days after the end of each of the first three quarterly periods of each fiscal year of the Lessee, the Lessee's quarterly report on Form 10-Q (or such other form as may be required by the Securities and Exchange Commission) for such quarter as filed with the Securities and Exchange Commission or, if the Lessee is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, a consolidated balance sheet of the Lessee and its consolidated Affiliates as of the end of such quarterly period and consolidated statements of income and shareholders' equity of the Lessee and its consolidated Affiliates for such quarterly period and the portion of the fiscal year ended on the last day of such period, setting out in each case, in comparative form, the figures for the corresponding periods of the previous fiscal year, all in reasonable detail and certified, subject to changes resulting from year-end audit adjustments, by the principal financial or accounting officer of the Lessee;

(iii) Within 120 days after the end of each fiscal year of the Lessee, one or more certificates signed by one or more Responsible Officers of the Lessee to the effect that, to his or their knowledge, as the case may be, after due inquiry, no Default or Event of Default has occurred and is continuing or, if such is not the case, setting forth a brief description of each such Default or Event of Default and the action the Lessee proposes to take in respect thereof; and

(iv) Promptly upon request, such other information relating to the Lessee's financial condition as may reasonably be requested.

If the Lessee shall not then be filing annual and quarterly financial reports with the Securities and Exchange Commission, the Lessee shall cause CSX Corporation to furnish the Indenture Trustee, the Lessor and the Owner Participant in reasonable quantities (i) after the end of each quarter annual period during each fiscal year of CSX Corporation at the time furnished to its shareholders, such information in respect of such period as CSX Corporation shall furnish to its shareholders and (ii) within 120 days after the close of each fiscal year of CSX Corporation, a consolidated balance sheet of CSX Corporation and its consolidated subsidiaries as at the close of such fiscal year, together with a consolidated profit and loss statement of CSX Corporation and such subsidiaries for such fiscal year, certified by Ernst & Young or other independent public accountants of recognized national standing.

SECTION 18. Successor Banks and Trustees. The Lessee agrees that in the case of the appointment of any successor trustee pursuant to the terms of the Trust Agreement or the Indenture, such successor trustee shall, upon written notice by such successor trustee to the Lessee, succeed to all the respective rights, powers and title of WTC and the Lessor hereunder or to all the rights and powers of the Indenture Trustee hereunder, as the case may be, and shall be deemed to be the owner or mortgagee, respectively, of the Rail Equipment for all purposes hereof, without the necessity of any consent or approval by the Lessee and without in any way altering the terms of this Lease or the Lessee's obligations hereunder. One such appointment and designation of a successor trustee shall not exhaust the right to appoint and designate further successor trustees pursuant to the Trust Agreement or the Indenture, but such right may be exercised repeatedly as long as this Lease shall be in effect. The trustee or any successor trustee from time to time serving thereunder may, but shall not be obligated to, appoint one or more of its officers as attorney-in-fact for such trustee or such successor trustee, as the case may be, to execute any and all notices, consents and approvals or other documents necessary or desirable to be executed in connection with this Lease or with the Rail Equipment.

SECTION 19. The Indenture Trustee. The provisions of this Lease that require or permit action by, the payment of any moneys to, the consent or approval of, the furnishing of any instrument or information to, or the performance of any other obligation to, the Indenture Trustee shall not be effective, and the Sections hereof containing such provisions shall be

read as though there were no such requirements or provisions and all moneys otherwise payable to the Indenture Trustee hereunder shall be paid to the Lessor, after the Indenture Trustee shall have given the Lessee and the Lessor written notice of the satisfaction and discharge of the Indenture.

SECTION 20. Warranty Enforcement. For so long as no Economic Default or Event of Default has occurred and is continuing, the Lessor constitutes the Lessee as the agent and attorney-in-fact of the Lessor for the purpose of exercising and enforcing, and with full right, power and authority to exercise and to enforce, to the exclusion of the Lessor and all Persons claiming through or under the Lessor, all of the right, title and interest of the Lessor in, under and to all manufacturer's warranties in respect of the Rail Equipment. The Lessor shall execute and deliver any instruments necessary to enable the Lessee to enforce such rights.

SECTION 21. Lessor's Right to Perform for the Lessee. If the Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of the terms of this Lease or any of its agreements contained herein (including, without limitation, its obligations under Section 10), the Lessor may, on behalf of the Lessee and upon notice to the Lessee, itself make such payment or perform such agreement in a commercially reasonable manner, and such payment or performance shall be a cure in respect of any Event of Default which has occurred as a result of the Lessee's failure to pay such Rent or to perform or comply with such agreement, as the case may be. The amount of any such payment and the amount of the reasonable expenses of the Lessor incurred in connection with such payment or performance, together with interest thereon, to the extent permitted by Applicable Law, at the Overdue Rate, shall be deemed Supplemental Rent, payable by the Lessee to the Lessor upon demand. This Section 21 is not, however, intended in any way as between the Owner Participant and the Lessor, on the one hand, and the Indenture Trustee and the Holders, on the other hand, to expand or otherwise vary the cure rights of the Owner Participant and the Lessor set forth in Section 1203 of the Indenture, or the limitations on exercise thereof set forth. The Lessor shall be under no obligation to the Lessee or any other Person to perform any such act or make any such payment.

SECTION 22. Filings. Prior to the delivery and acceptance of any Rail Equipment, the Lessee will, at its sole expense, (i) cause this Lease, the Indenture and the Lease and Indenture Supplement to be duly filed and recorded with the ICC in accordance with 49 U.S.C. §11303 and (ii) cause financing statements under the Uniform Commercial Code to be filed against the Lessor in respect of the security interests created

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed and delivered by their respective officers thereunto duly authorized.

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By C C Samuel
Title: Financial Services Officer

CSX TRANSPORTATION, INC.

By_____
Title:

2056/BLUCRP

by the Indenture in all places reasonably specified by the Indenture Trustee as necessary or desirable to perfect such security interests. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Indenture Trustee as its assignee under the Indenture for the purpose of protecting the Lessor's title to, or such assignee's security interest in, any Rail Equipment and the Lease, or will furnish to the Lessor and the Indenture Trustee timely notice of the necessity of such action and in connection with any such action, will deliver to the Lessor and such assignee proof of such filings. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments.

SECTION 23. Miscellaneous.

(a) Amendments. The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by the party or parties to be charged.

(b) Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns and shall also inure to the benefit of the Owner Participant and the Indenture Trustee and their respective successors and assigns.

(c) Currency. All amounts and moneys referred to in this Lease shall be construed to mean money which at the time is lawful money of the United States of America.

(d) Liabilities of Lessor. WTC is entering into this Lease solely in its capacity as Owner Trustee under the Trust Agreement, and in no case whatsoever shall WTC (or any entity acting as successor Owner Trustee under the Trust Agreement) or the Owner Participant be personally liable on, or for any loss in respect of, any of the statements, representations, warranties, agreements or obligations of the Lessor hereunder, as to all of which the parties hereto agree to look solely to the Trust Estate created by the Trust Agreement.

(e) Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Lease are inserted for convenience of reference only and do not constitute a part of this Lease.

(f) Counterparts. This Lease may be executed by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(g) Severability of Provisions. Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, the Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(h) Governing Law. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND.

(i) Quiet Enjoyment. So long as no Event of Default has occurred and is continuing, and notwithstanding any default by the Owner Trustee, any Participant or the Indenture Trustee under the Participation Agreement, the Trust Agreement or the Indenture, the Lessee shall have the right to the quiet enjoyment of, and the continued possession, use and operation of, the Rail Equipment during the Lease Term, and this Lease shall not be terminated except as expressly provided herein.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed and delivered by their respective officers thereunto duly authorized.

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By_____
Title:

CSX TRANSPORTATION, INC.

By_____
Title: Treasurer

2056/BLUCRP

Receipt of this original counterpart
of this Lease is hereby acknowledged
this ___ day of December, 1990.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Indenture Trustee

By_____
Title:

STATE OF DELAWARE)
) ss.:
COUNTY OF NEW CASTLE)

On this ____ day of December, 1990, before me personally appeared Carolyn C. Daniels, to me personally known, who, being by me duly sworn, says that she is Financial Services Officer of Wilmington Trust Company, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sonja F. Allen
Notary Public

NOTARY PUBLIC
My Commission expires May 30, 1992

My Commission Expires:
[Notary Seal]

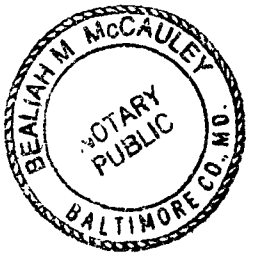
2056/BLUCRP

STATE OF MARYLAND)
) ss.:
CITY OF BALTIMORE)

On this 12th day of December, 1990, before me personally appeared A. B. Aftoora, to me personally known, who, being by me duly sworn, says that he is Treasurer of CSX Transportation, Inc., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Bealiah M. McCauley
Notary Public

My Commission Expires: 11/1/93
[Notary Seal]



2056/BLUCRP

SCHEDULE X

[CSX Trust 1990/ATT-2]

DEFINITIONS

"Act" shall have the meaning assigned in Section 102 of the Indenture.

"Additional Notes" shall have the meaning assigned in Section 301 of the Indenture.

"Affiliate" of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-Tax Basis," for purposes of all of the Operative Documents other than the Tax Indemnification Agreement, shall have the meaning assigned in Section 13.3 of the Participation Agreement.

"Applicable Law" shall mean all applicable laws (foreign or domestic), treaties, judgments, decrees, injunctions, writs and orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including without limitation, all rules and regulations of the United States Department of Transportation and the ICC.

"Appraisal" shall have the meaning specified in Section 5(c) of the Participation Agreement.

"Appraisal Procedure" shall mean the procedure specified in the succeeding sentences for determining an amount or value. If either the Owner Trustee (or the Owner Participant) or the Lessee shall give written notice to the other requesting determination of such amount or value by appraisal, the Owner Participant and the Lessee shall consult for the purpose of appointing a mutually acceptable qualified appraiser. If such parties shall be unable to agree on an appraiser within 20 days of the first giving of such notice (the "Appraisal Request Date"), such amount or value shall be determined by a panel of three Appraisers, one of whom shall be

selected by the Lessee, another of whom shall be selected by the Owner Participant and the third of whom shall be selected by such other two Appraisers or, if such Appraisers shall be unable to agree upon a third Appraiser within 10 days of the selection date of the second of such two Appraisers, by the American Arbitration Association; provided, that if either party shall not select its Appraiser within 35 days after the Appraisal Request Date, such amount or value shall be determined solely by the Appraiser selected by the other party. The Appraiser or Appraisers appointed pursuant to the foregoing procedure shall be instructed to determine such amount or value within 45 days after the final appointment of any Appraiser or Appraisers pursuant hereto (but in no event may such determination be made more than 110 days following the Appraisal Request Date), and such determination shall be final and binding upon the parties. If three Appraisers shall be appointed, then as to the determination of any amount or value, (a) if the median of the determinations of the Appraisers shall equal the mean of such determinations, such mean shall constitute the determination of the Appraisers, otherwise (b) the determination of the Appraiser that shall differ most from the other two Appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall constitute the determination of the Appraisers. Fees and expenses relating to an Appraisal Procedure shall be payable as follows:

(i) if the Appraisal Procedure is utilized in connection with the exercise of remedies upon the occurrence of an Event of Default under the Lease or in connection with the possible exercise of a renewal option pursuant to Section 2(b) of the Lease, all such fees and expenses shall be borne by the Lessee;

(ii) if the Appraisal Procedure is utilized in connection with the possible exercise of a purchase option pursuant to Section 2(f) of the Lease, then each party shall bear its respective fees and expenses, provided (A) if an appraisal under the Appraisal Procedure shall be conducted by one Appraiser only, the Lessee shall bear the fees and expenses of such Appraiser, or (B) if an appraisal under the Appraisal Procedure shall be conducted by more than one Appraiser, the Lessee shall bear the fees and expenses of the Appraiser appointed by the Lessee and of the Appraiser appointed jointly by the Appraiser of the Lessee and the Appraiser of the Owner Participant; and provided, further, that if after the utilization of such Appraisal Procedure the Lessee does not exercise such purchase option, then the Lessee shall reimburse the Owner Participant for all fees and expenses paid by the Owner Participant in respect of such Appraisal Procedure; and

(iii) in all other instances, each party shall bear (A) its respective fees and expenses with respect to any Appraisal Procedure (including the fees and expenses of any Appraiser appointed by such party) and (B) one-half of any other fees or expenses incurred in such Appraisal Procedure.

"Appraiser" shall mean R. L. Banks & Associates, Inc. ("RLB"), in the case of the Appraisal delivered pursuant to Section 5(c) of the Participation Agreement, and otherwise a Person (who may be RLB) of recognized standing engaged in the business of appraising rail equipment who may not be employed by or affiliated with the Owner Trustee, the Owner Participant or the Lessee.

"Assumption Event" shall have the meaning assigned in Section 2(e) of the Lease.

"Authorized Person" shall mean (i) with respect to the Owner Trustee, any Person authorized by or pursuant to the organizational documents, the by-laws or any Board Resolution of WTC (whether general or specific) to execute, deliver and take all other actions on behalf of the Owner Trustee in respect of any of the Operative Documents and (ii) with respect to any other entity, any Person authorized by or pursuant to the charter documents, the by-laws or any Board Resolution (in the case of a corporation), partnership agreement (in the case of a partnership), or trust agreement (in the case of a trust) to execute, deliver and take all other actions on behalf of such entity in respect of any of the Operative Documents.

"Average Life" with respect to the Series A Notes issued on the Closing Date shall mean 8.55 years, and with respect to the Series B Notes issued on the Closing Date shall mean 17.02 years.

"Basic Rent" shall mean the rent payable throughout the Lease Term pursuant to, and computed in accordance with, Section 9(b) of the Lease, and shall not include Interim Rent payable pursuant to Section 9(a) of the Lease.

"Basic Term" with respect to any Rail Equipment shall mean the period beginning on the Basic Term Commencement Date and ending at 11:59 P.M. (Baltimore City time) on July 1, 2011, being the 20th anniversary of the Basic Term Commencement Date.

"Basic Term Commencement Date" shall mean July 1, 1991.

"Bill of Sale" shall mean the bill of sale of the Seller, dated the Closing Date, for all of the Rail Equipment to be purchased by the Lessor on the Closing Date, executed by the Seller in favor of the Lessor.

"Board of Directors" shall mean, with respect to any Person, either the board of directors of such Person or any duly authorized committee of said board.

"Board Resolution" shall mean, with respect to any Person, a copy of a resolution certified by the secretary or an assistant secretary of such Person to have been duly adopted by the Board of Directors (or any duly authorized committee of the Board of Directors) of such Person and to be in full force and effect on the date of such certification.

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which the banks in Baltimore, Maryland, New York, New York, or Wilmington, Delaware are authorized or obligated to remain closed.

"Business Taxes" shall have the meaning assigned in Section 13.2(b) of the Participation Agreement.

"Class I Railroad" shall refer to a Class I carrier within the meaning of 49 C.F.R. Part 1201.

"Closing" shall mean the simultaneous occurrence of the transactions described in Section 4 of the Participation Agreement.

"Closing Date" shall mean the date, which shall be a Business day, on which the Closing occurs, provided that in no event shall the Closing occur later than December 31, 1990.

"Closing Notice" shall have the meaning assigned in Section 4(a) of the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended (or any successor federal income tax statute).

"Commitment" shall mean in the case of each Loan Participant, the amount of the loan to be made by such Loan Participant on the Closing Date pursuant to Section 2 of the Participation Agreement and, in the case of the Owner Participant, the amount of the investment to be made by the Owner Participant on the Closing Date pursuant to Section 3 of the Participation Agreement.

"Costs" shall have the meaning assigned in Section 20 of the Participation Agreement.

"CSX Corporation" shall mean CSX Corporation, a Virginia corporation, together with its successors and assigns.

"Deemed Last Utilized Taxes" shall have the meaning assigned in Section 13.2(h) of the Participation Agreement.

"Default" shall mean an event or condition which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Economic Default" shall mean Default which would constitute an Economic Event of Default.

"Economic Event of Default" shall mean an Event of Default pursuant to paragraph (a), (b), (e) or (f) of Section 14 of the Lease.

"Employee Benefit Plan" shall mean an "employee benefit plan" as defined in Section 3(3) of ERISA, a "plan" as defined in Section 4975(e)(1) of the Code and any fund or account that is deemed to include the assets of any such "employee benefit plan" or "plan" pursuant to Department of Labor Reg. Section 2510.3-101.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any comparable successor law and the rules issued and regulations promulgated thereunder.

"Event of Default" shall have the meaning assigned in Section 14 of the Lease.

"Event of Loss" shall mean with respect to any Rail Equipment any of the following events occurring during the Lease Term: (i) such Rail Equipment suffers an actual or constructive total loss, (ii) such Rail Equipment becomes worn out or suffers destruction or damage beyond economic repair or such Rail Equipment is rendered permanently unfit for commercial use by the Lessee and for the purpose for which it was designed, as determined in good faith by the Lessee and evidenced by a certificate of a Responsible Officer of the Lessee to such effect, (iii) such Rail Equipment is taken, condemned or requisitioned for title by any governmental authority, (iv) such Rail Equipment is taken, condemned or requisitioned for use by any governmental authority for a period extending for a period of 360 days or beyond the Basic Term or any Renewal Term then in effect or (v) such Rail Equipment is lost, stolen or otherwise disappears for a period of time exceeding 30 days. The date of such Event of Loss shall be the date of such loss, damage, condemnation, taking, requisition or disappearance, except that for purposes of clause (iv) above, no Event of Loss shall be deemed to have occurred until the earlier of (1) the last day of the Basic Term or any Renewal Term then in effect and (2) the 360th day after such taking or requisition.

"Excepted Property" shall have the meaning assigned in the Granting Clause of the Indenture.

"Excepted Rights" shall have the meaning assigned in Section 1201 of the Indenture.

"Excess Amount" shall have the meaning assigned in Section 27 of the Participation Agreement.

"Fair Market Renewal" shall have the meaning assigned in Section 2(b)(iv) of the Lease.

"Fair Market Renewal Term" shall have the meaning assigned in Section 2(b)(iv)(A) of the Lease.

"Fair Market Rent" for any Rail Equipment shall mean, for any period, the rent for such Rail Equipment (excluding any Severable Improvements) for such period that would be obtained for a lease of such Rail Equipment in an arm's-length transaction between an informed and willing owner under no compulsion to lease and an informed and willing lessee under no compulsion to lease, which determination shall be made (i) without deduction for any costs of removal of such Rail Equipment from the location of current use and (ii) on the assumption that such Rail Equipment is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Sections 2 and 5 of the Lease (but otherwise on an "as-is" basis); provided, however, that the determination of Fair Market Rent for the purposes of Section 15(c) of the Lease shall be based on the actual condition of such Rail Equipment at the time of such determination and shall take into account all Liens on such Rail Equipment and any legal impediments to the prompt leasing of such Rail Equipment, notwithstanding the provisions of clause (ii) of this sentence.

"Fair Market Sale Value" for any Rail Equipment shall mean the sale value of such Rail Equipment (excluding any Severable Improvements) that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, which determination shall be made (i) without deduction for any costs of removal of such Rail Equipment from the location of current use and (ii) on the assumption that such Rail Equipment is free and clear of all liens and is in the location, condition and repair in which it is required to be returned pursuant to Sections 2 and 5 of the Lease (but otherwise on an "as-is" basis); provided, however, that the determination of Fair Market Sale Value for purposes of Section 15(c) of the Lease shall be based on the actual condition of such Rail Equipment at the time of such

determination and shall take into account all Liens on such Rail Equipment (other than Owner Encumbrances), and any legal impediments to the prompt transfer of title to such Rail Equipment, notwithstanding the provisions of clause (ii) of this sentence.

"Federal Bankruptcy Code" shall mean the Bankruptcy Code of 1978, as amended, 11 U.S.C. §§101-1330.

"Fixed Rate Renewal" shall have the meaning assigned in Section 2(b)(iii) of the Lease.

"Fixed Rate Renewal Term" shall have the meaning assigned in Section 2(b)(iii)(A) of the Lease.

"Governmentally Mandated" shall mean, when referring to any Improvement, an Improvement made by the Lessee in order to comply with health, safety or environmental standards of any governmental authority having relevant jurisdiction under Applicable Law.

"Governmental Obligations" shall mean direct obligations of the United States of America which are not callable, redeemable or payable, prior to maturity, in whole or in part, directly or indirectly, by any Person.

"Holder" shall mean the Person in whose name any Note is registered on the Note Register.

"Home Jurisdiction" shall have the meaning assigned in Section 13.3 of the Participation Agreement.

"ICC" shall mean the Interstate Commerce Commission and any agency or instrumentality of the United States government succeeding to its functions.

"Improvement" shall mean an improvement, structural change, modification or addition to any Rail Equipment made after the Closing Date.

"Indemnitee" shall have the meaning assigned in Section 13.1 of the Participation Agreement.

"Indenture" shall mean the Indenture, Mortgage and Security Agreement dated as of November 1, 1990 between the Owner Trustee and the Indenture Trustee and substantially in the form of Exhibit B to the Participation Agreement, as the same may be amended, modified or supplemented in accordance with the provisions thereof and of the Participation Agreement.

"Indenture Default" shall mean an event or condition which, with the giving of notice or lapse of time, or both, would become an Indenture Event of Default.

"Indenture Estate" shall have the meaning assigned in the Granting Clause of the Indenture.

"Indenture Estate Documents" shall have the meaning set forth in Clause Second of the Granting Clause of the Indenture.

"Indenture Event of Default" shall have the meaning assigned in Section 601 of the Indenture.

"Indenture Trustee" shall mean Mercantile-Safe Deposit and Trust Company, a Maryland trust company, together with any successors, permitted assigns and separate trustees and co-trustees, not in its individual capacity but solely as Indenture Trustee under the Indenture.

"Independent" shall mean, when used with respect to any specified Person, such Person who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in WTC, the Owner Trustee, the Owner Participant or the Lessee or in any Affiliate of any of them and (3) is not connected with WTC, the Owner Participant or the Lessee or any such Affiliate as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions. Whenever it is provided that any Independent Person's opinion or certificate shall be furnished to the Indenture Trustee, such Person shall be appointed by the Lessee and approved by the Indenture Trustee in the exercise of reasonable care and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning thereof.

"Interim Amount" shall mean an amount equal to the excess of (i) all interest accrued on the Notes from the Closing Date to and including the day immediately preceeding the Basic Term Commencement Date over (ii) the Interim Rent.

"Interim Rent" shall mean an amount equal to the daily equivalent of the average of the Basic Rent payable during the Basic Term, for the period from the 179th day following the Closing Date to and including the day immediately preceeding the Basic Term Commencement Date (computed on the basis of a 360-day year of twelve 30-day months), calculated in accordance with Section 9(a) of the Lease.

"Interim Term" shall mean the period from the Closing Date to and including the day immediately preceding the Basic Term Commencement Date.

"Lease" shall mean Lease Agreement dated as of November 1, 1990 and substantially in the form of Exhibit C to the Participation Agreement between the Lessee and the Owner Trustee, as lessor, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of the Indenture.

"Lease and Indenture Supplement" shall mean the Lease and Indenture Supplement No. 1 among the Owner Trustee, the Lessee and the Indenture Trustee, dated the Closing Date, substantially in the form of Exhibit A to the Lease.

"Lease Term" shall mean the Interim Term plus the Basic Term, plus all Renewal Terms actually entered into.

"Lessee" shall mean CSX Transportation, Inc., a Virginia corporation, together with its successors and permitted assigns.

"Lessee Related Party" shall mean the Lessee, any of its successors or assigns, or any sublessee or other user or Person in possession of any of the Rail Equipment or any Affiliate of any of the foregoing (other than the Owner Trustee or the Owner Participant or any such user or Person in possession whose use or possession of any of the Rail Equipment is attributable to an omission or a failure to take any action required under the terms of the Operative Documents to be taken by (unless taken in connection with an Event of Default), or the bankruptcy or insolvency of, the Owner Trustee or the Owner Participant or any Affiliate of any of the foregoing).

"Lessor's Cost" shall be $800,000 for each Unit.

"Liabilities" shall have the meaning assigned in Section 13.1 of the Participation Agreement.

"Lien" shall mean any mortgage, pledge, lien, security interest, charge, claim or other encumbrance or right of others.

"Loan Participant" shall mean each of the financial institutions listed in Schedule 1 to the Participation Agreement, so long as the Series A Notes and Series B Notes are Outstanding, and each other Holder of a Note from time to time, and their respective successors and permitted assigns.

"Maximum Fixed Rate Renewal Date" and "Maximum Fixed Rate Renewal Term" shall have the respective meanings assigned in Section 2(b)(iii)(A) of the Lease.

"Net Return" shall mean the Owner Participant's nominal after-tax economic yield, utilizing the multiple investment sinking fund method of analysis, and aggregate after-tax cash flow and pattern thereof, all calculated on the same basis and using the same assumptions and methods utilized by the Owner Participant in computing the schedules of Basic Rent, Stipulated Loss Values and Termination Values delivered on the Closing Date (or if such schedules are adjusted pursuant to Section 9(e) or (f) of the Lease, in computing such adjusted schedules).

"Nonseverable Improvement" shall mean, at any time, an Improvement that shall not be "readily removable" from a particular Unit "without causing material damage" to such Rail Equipment within the meaning of Revenue Procedure 79-48 promulgated by the Internal Revenue Service, as in effect on the Closing Date, and within the meaning of any similar law, regulation or procedure then in effect.

"Non-U.S. Person" shall mean any Person other than (i) a citizen or resident of the United States, as defined in section 7701(a)(9) of the Code (for purposes of this definition, the "United States"), (ii) a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof or therein or (iii) any estate or trust that is subject to United States federal income taxation regardless of the source of its income.

"Note Register" and "Note Registrar" shall have the respective meanings assigned in Section 204(a) of the Indenture.

"Note Transferee" shall have the meaning assigned in Section 204(b) of the Indenture.

"Notes" shall have the meaning specified in the Indenture and, more particularly, includes the Series A Notes and Series B Notes issued on the Closing Date and any Additional Notes authenticated and delivered under the Indenture.

"Notice" shall have the meaning assigned in Section 19 of the Participation Agreement.

"Obligations" shall have the meaning assigned in the Granting Clause of the Indenture.

"Officer's Certificate" shall mean with respect to any Person, a certificate signed by the Chairman of the Board, the President or a Vice President of such Person or any Authorized Person of such Person.

"Operative Documents" shall mean the Participation Agreement, the Trust Agreement, the Indenture, the Notes, the Lease, the Lease and Indenture Supplement, the Bill of Sale and the Tax Indemnification Agreement.

"Opinion of Counsel" shall mean a written opinion of counsel, who shall be acceptable to the Indenture Trustee (or such other Person to whom such opinion is to be addressed pursuant to any of the Operative Documents).

"Outstanding" when used with respect to the Notes shall mean, as of the date of determination, all the Notes theretofore authenticated and delivered under the Indenture (including any Notes owned by the Owner Participant, the Owner Trustee or the Lessee, or any Affiliate of any of them), except:

(1) Notes theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation;

(2) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee, provided, that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Indenture Trustee has been made;

(3) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered under the Indenture; and

(4) Notes alleged to have been destroyed, lost or stolen which have been replaced as provided in Section 205 of the Indenture;

provided, however, that solely for purposes of determining whether the Holders of the requisite principal amount of Notes Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Owner Participant, the Owner Trustee or the Lessee, or any Affiliate of any of them, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that the Indenture Trustee knows to be so owned shall be so disregarded; provided, further, that the immediately preceeding proviso shall be of no force or effect during any period that all of the Notes Outstanding are owned by the Owner Trustee or the Owner Participant. Notes so owned that have been pledged in good faith may be regarded as Outstanding for such purposes if the

pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Owner Participant, the Owner Trustee or the Lessee, or any Affiliate of any of them.

"Overdue Rate" shall mean (i), with respect to any amount that is or will be distributable to a Holder pursuant to the terms of the Indenture, the higher of (a) the applicable rate per annum set forth on the face of the applicable Note plus 1% or (b) the Prime Rate plus 1%, and (ii), with respect to any other amount, the Prime Rate plus 2%, in each case, computed on the basis of a 360-day year of twelve 30-day months; provided, that for purposes of determining any Overdue Rate in reference to the Prime Rate, the applicable Prime Rate shall be the Prime Rate in effect on the date of payment.

"Owner Encumbrances" shall mean any Liens against any part of the Indenture Estate or the Trust Estate that result from acts of, or any failure to act by, or as a result of claims (including any taxes) against, WTC, the Owner Trustee or the Owner Participant arising out of any event or condition unrelated to (x) the ownership, leasing and use of any Rail Equipment, (y) the administration of the Trust Estate or (z) the transactions contemplated by the Operative Documents, excluding Liens arising from any tax for which the Lessee is obligated to indemnify under the Tax Indemnification Agreement or the Participation Agreement, other than any such tax for which the Lessee has already made full indemnification pursuant to such agreements.

"Owner Participant" shall mean AT&T Credit Corporation, a Delaware corporation, together with its successors and permitted assigns.

"Owner Trustee" shall mean WTC, in its capacity as trustee under the Trust Agreement, together with its successors and permitted assigns as Owner Trustee under the Trust Agreement.

"Owner Trustee Request" shall mean a written request signed in the name of the Owner Trustee by an Authorized Person, consented to by the Lessee, and delivered to the Indenture Trustee together with a form of any writing to be executed by the Indenture Trustee pursuant to such request.

"Participants" shall mean, collectively, the Loan Participants and the Owner Participant.

"Participation Agreement" shall mean the Participation Agreement dated as of November 1, 1990 among the Lessee, the Owner Participant, the Loan Participants, the Owner Trustee and

the Indenture Trustee, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of the Indenture.

"Party in Interest" shall mean both a "party in interest" as defined in Section 3(14) of ERISA and a "disqualified person" as defined in Section 4975(e)(2) of the Code.

"Payment Date" shall mean each January 1 and July 1 of each year occurring during the Basic Term and any Renewal Term, commencing July 1, 1991, provided that if any such date shall not be a Business Day, then "Payment Date" shall mean the next succeeding Business Day.

"Percentage Commitment" of each Participant in respect of the Rail Equipment shall mean the aggregate of all percentages set forth opposite such Participant's name in Schedule 1 to the Participation Agreement.

"Permitted Encumbrances" shall mean (a) the rights of the Indenture Trustee under the Indenture, (b) the rights of the Lessee under the Lease, and the rights of any sublessee under any subleases of any Rail Equipment that are permitted by the terms of the Lease, (c) the rights of the Owner Trustee and the Owner Participant under the Trust Agreement which rights are subject to the Liens created by the Indenture, (d) Liens for Taxes either not yet due or being contested by the Lessee in good faith by appropriate proceedings, diligently prosecuted or appealed which do not involve a material risk of a sale, forfeiture or loss of any Rail Equipment and which do not entail a not insignificant risk to any Participant of (i) material civil liability or (ii) any criminal liability and (e) undetermined or inchoate materialmen's, mechanic's, workmen's, repairmen's or employees' Liens or other like Liens arising and continuing in the ordinary course of business and security obligations arising and continuing in the ordinary course of business which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended or which are being contested by the Lessee in good faith by appropriate proceedings diligently prosecuted or appealed which do not involve a material risk of sale, forfeiture or loss of any Rail Equipment and which do not entail a not insignificant risk to any Participant of (i) material civil liability or (ii) any criminal liability.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued

by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least $500,000,000 (including the Indenture Trustee and the Owner Trustee if such conditions are met), (iv) commercial paper of companies, banks, trust companies, or national banking associations incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, and (v) repurchase agreements with any financial institution having a combined capital and surplus of at least $750,000,000 fully collateralized by obligations of the type described in clauses (i) through (iv) above. If all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in (iii) of the preceding sentence.

"Permitted Sublessee" shall mean (i) any Affiliate of the Lessee, (ii) any Class I Railroad operating within the United States, and (iii) any other railroad as to which the Lessor receives a written opinion of Independent counsel selected by the Lessee and reasonably acceptable to the Lessor to the effect that (a) such railroad is not a "tax-exempt entity" within the meaning of Section 168(h)(2) of the Code (and is not treated as a "tax-exempt entity" by virtue of Section 168(h)(2), (4), (5) or (6) of the Code), (b) the operation of the Rail Equipment by such railroad will not constitute use "predominantly outside the United States" within the meaning of Section 168(g)(4)(A) of the Code, (c) the Lease remains valid and enforceable against the Lessee, (d) the Lien of the Indenture is perfected and remains in full force and effect, and (e) the Owner Trustee remains the owner of legal title to the Rail Equipment; provided, that the opinions set forth in clauses (a) and (b) above shall only be required during the period that the Owner Participant is properly claiming depreciation deductions.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Premium" shall mean:

(i) with respect to any premium payable on a Redemption Date upon a redemption of a Series A Note (other than a redemption pursuant to Section 401(e) of the Indenture) at any time, the excess (if any) of (x) the present value (computed on a semi-annual basis at a discount rate equal to the applicable Treasury Yield) as at such Redemption Date of the payments of principal and interest which would have been due under the terms of such Note from such Redemption Date to the final maturity thereof, had such redemption not occurred over, (y) the principal amount of such Note Outstanding on such Redemption Date;

(ii) with respect to any premium payable upon a redemption of a Series B Note (other than a redemption pursuant to Section 401(e) of the Indenture) occuring on a Redemption Date on or prior to (but not after) January 1, 2008, the excess (if any) of (x) the present value (computed on a semi-annual basis at a discount rate equal to the applicable Treasury Yield) as at such Redemption Date of the payments of principal and interest which would have been due under the terms of such Note from such Redemption Date to (and including) the date of final maturity thereof, had such redemption not occurred, over (y) the principal amount of such Note Outstanding on such Redemption Date;

(iii) with respect to any redemption of a Series B Note occuring on a Redemption Date after January 1, 2008, zero (0);

(iv) with respect to any premium payable on a Redemption Date upon a redemption of a Series A Note pursuant to Section 401(e) of the Indenture at any time, the excess (if any) of (x) the present value (computed on a semi-annual basis at a discount rate equal to (in the case of any premium payable on a Redemption Date occurring prior to the 360th day following an Event of Default under the Lease) 75 basis points or (in the case of any premium payable on a Redemption Date occurring on or after the 360th day following an Event of Default under the Lease) 100 basis points above the applicable Treasury Yield) as at such Redemption Date of the payments of principal and interest which would have been due under the terms of such Note from such Redemption Date to (and including) the date of final maturity thereof, had such redemption not occurred, over (y) the principal amount of such Note Outstanding on such Redemption Date; and

(v) with respect to any premium payable upon a redemption of a Series B Note pursuant to Section 401(e) of the Indenture occurring on a Redemption Date on or prior to but not after) January 1, 2008, the excess (if any) of (x) the present value (computed on a semi-annual basis at a discount rate equal to (in the case of any premium payable on a Redemption Date occurring prior to the 360th day following an Event of Default under the Lease) 75 basis points or (in the case of any premium payable on a Redemption Date occurring on or after the 360th day following an Event of Default under the Lease) 100 basis points above the applicable Treasury Yield) as at such Redemption Date of the payments of principal and interest which would have been due under the terms of such Note from such Redemption Date to (and including) the date of final maturity thereof, had such redemption not occurred, over (y) the principal amount of such Note Outstanding on such Redemption Date;

provided, however, that notwithstanding the provisions of (i) through (v) above, if at a Redemption Date the Treasury Yield shall be equal to or greater than the rate applicable to any Note to be redeemed, no Premium shall be due with respect to such Note.

"Prohibited Transaction Liabilities" shall have the meaning assigned in Section 13.1(H) of the Participation Agreement.

"Prohibited Transaction Taxes" shall have the meaning assigned in Section 13.2(b)(25) of the Participation Agreement.

"Prime Rate" shall mean the rate of interest publicly announced from time to time by Citibank, N.A. in New York as its "base rate."

"Projected Fair Market Sale Value - EBO" shall have the meaning assigned in Section 5(c) of the Participation Agreement.

"Rail Equipment" shall mean, collectively, the Units and, after an Event of Loss with respect to any Rail Equipment, Replacement Rail Equipment (if any), in each case subjected to the Lease pursuant to Section 2(a) or 11(c) thereof, and including any item of property constituting a part of such Rail Equipment or Replacement Rail Equipment.

"Rail Equipment Return Notice" shall have the meaning assigned in Section 2(c) of the Lease.

"Reasonable Basis" for a position shall exist if tax counsel may properly advise reporting such position on a tax return in accordance with Formal Opinion 85-352 issued by the Standing Committee on Ethics and Professional Responsibility of the American Bar Association.

"Redelivery Location" shall have the meaning assigned in Section 2(c) of the Lease.

"Redemption Date" when used with respect to any Note to be redeemed shall mean the date fixed for such redemption pursuant to the Indenture.

"Refinancing Date" shall have the meaning assigned in Section 20 of the Participation Agreement.

"Reimbursement Amount" shall have the meaning assigned in Section 9(h) of the Lease.

"Renewal Term" shall mean the period of any extension of the Basic Term (or a prior Renewal Period) as provided in Section 2(b) of the Lease.

"Renewal Term Commencement Date" shall have the meaning assigned in Section 2(b) of the Lease.

"Rent" shall mean Interim Rent, Basic Rent, (including Basic Rent during any Renewal Term) and Supplemental Rent, collectively.

"Replacement Rail Equipment" shall mean rail equipment substantially similar in type, service and use to the Rail Equipment with respect to which an Event of Loss has occurred and which is being replaced pursuant to Section 11(c) of the Lease, and including any item of property constituting a part thereof.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Document, the President, any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer who in the normal performance of his operational responsibility would have knowledge of such matter and the requirements with respect thereto.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Seller" shall mean The Baltimore & Ohio Chicago Terminal Railroad Company, an Illinois corporation, together with its successors and permitted assigns.

"Series A Notes" and "Series B Notes" shall have the respective meanings assigned in Section 203 of the Indenture.

"Severable Improvement" shall mean any Improvement other than a Nonseverable Improvement.

"Statutory Interest" shall have the meaning assigned in Section 13.2(c) of the Participation Agreement.

"Stipulated Loss Value" with respect to any Rail Equipment subjected to the terms of the Lease pursuant to the Lease and Indenture Supplement as of any Payment Date shall mean an amount determined by multiplying Lessor's Cost for such Rail Equipment by the percentage specified in Schedule 3 of the Lease and Indenture Supplement opposite such Payment Date; provided, however, that, notwithstanding any adjustments to be made pursuant to Section 9 of the Lease, "Stipulated Loss Value" as of any Payment Date, plus the Basic Rent in respect of such Rail Equipment payable on such Payment Date (if and to the extent Basic Rent is then being paid in arrears) shall in no event be less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Notes Outstanding on such Payment Date together with interest thereon accrued to such Payment Date as determined pursuant to the Indenture.

"Supplemental Rent" shall mean any and all amounts (other than Interim Rent and Basic Rent) that the Lessee assumes the obligation to pay or agrees to pay under the Lease, the Tax Indemnification Agreement, the Participation Agreement or any other Operative Document to the Owner Trustee, the Owner Participant or others, including amounts payable as indemnity payments, payments of Stipulated Loss Value and Termination Value under the Lease, Premium on the Notes and all amounts (other than the portion of the Interim Amount, if any, paid by the Lessee pursuant to Section 9(h) of the Lease, which amount shall be deemed to be a prepayment of Basic Rent) payable by the Lessee pursuant to Section 9 or any other provision of the Lease; provided, however, that Premium on the Notes shall only be payable by the Lessee (whether as Supplemental Rent or otherwise) under the circumstances set forth in Section 9(c)(iii) of the Lease.

"Tax" shall have the meaning assigned in Section 13.2(a) of the Participation Agreement.

"Tax Forms" shall have the meaning assigned in Section 13.2(b)(8) of the Participation Agreement.

"Tax Indemnification Agreement" shall mean the Tax Indemnification Agreement dated as of November 1, 1990 between

the Lessee and the Owner Participant as the same may be amended, modified or supplemented pursuant to the provisions thereof.

"Tax Indemnitee" shall have the meaning assigned in Section 13.2(a) of the Participation Agreement.

"Termination Date" shall have the meaning assigned in Section 12(a) of the Lease.

"Termination Value" with respect to any Rail Equipment subjected to the terms of the Lease pursuant to the Lease and Indenture Supplement as of any Payment Date shall mean an amount determined by multiplying Lessor's Cost for such Rail Equipment by the percentage specified in Schedule 4 to such Lease and Indenture Supplement opposite such Payment Date; provided, however, but, notwithstanding any provision of the Lease (including but not limited to the adjustments to be made pursuant to Section 9 of the Lease), "Termination Value" as of any Payment Date, plus the Basic Rent in respect of such Rail Equipment payable on such Payment Date (if and to the extent Basic Rent is then being paid in arrears) and plus the Premium, if any, payable on such Payment Date shall in no event be less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Notes Outstanding on such Payment Date together with interest thereon accrued to such Payment Date and the Premium, if any, as determined pursuant to the Indenture.

"TIA" shall mean the Trust Indenture Act of 1939, as in effect from time to time.

"Transaction Costs" shall have the meaning assigned in Section 17 of the Participation Agreement.

"Transfer" shall have the meaning assigned in Section 22 of the Participation Agreement.

"Treasury Yield" shall mean the yield to maturity implied by the Treasury Constant Maturity Series Yields reported (for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Redemption Date) in Federal Statistical Release H.15 (519) (or any comparable successor publication) for U.S. Treasury obligations having a maturity approximating the remaining Average Life of any Note to be redeemed.

"Trust Agreement" shall mean the Trust Agreement dated as of November 1, 1990 between WTC and the Owner Participant and substantially in the form of Exhibit A to the Participation Agreement as the same may be amended, modified or supplemented

from time to time in accordance with the provisions thereof, of the Indenture and of the Participation Agreement.

"Trust Estate" shall have the meaning assigned to it in Section 1(d) of the Trust Agreement.

"Unit" shall mean a single General Motors SD-40-2 locomotive (remanufactured by Morrison-Knudsen).

"Verifying Accountant" shall mean an accountant selected by the Owner Participant and reasonably acceptable to the Lessee (it being understood that the representation of, or a conflict in representing, the Owner Participant or the Lessee is relevant in determining the reasonableness of such acceptance). Such accountant (i) shall not be permitted to review the documents, programs and procedures used to calculate the Owner Participant's internal rate of return but shall have access to all other relevant documents, programs and procedures of the Owner Participant, (ii) shall execute a confidentiality agreement with respect to the subject matter of its review, and (iii) shall return to the Owner Participant any materials of the Owner Participant used by such Verifying Accountant in the course of such verification.

"WTC" shall mean Wilmington Trust Company, a banking corporation organized under the laws of the State of Delaware, and shall also mean any Person acting as a successor Owner Trustee, in its individual capacity.

Exhibit A
to Lease Agreement

LEASE AND INDENTURE SUPPLEMENT NO. 1

Dated December __, 1990

among

WILMINGTON TRUST COMPANY,
not in its individual capacity but solely as trustee,
Lessor/Owner Trustee,

CSX TRANSPORTATION, INC.,
Lessee

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY
not in its individual capacity but solely as trustee,
Indenture Trustee

16 General Motor SD-40-2 Locomotives
(Remanufactured by Morrison-Knudsen)
[CSX Trust 1990/ATT-2]

CERTAIN RIGHTS, TITLE AND INTEREST IN AND TO THIS LEASE AND INDENTURE SUPPLEMENT NO. 1 AND TO THE RAIL EQUIPMENT COVERED HEREBY OF WILMINGTON TRUST COMPANY, AS OWNER TRUSTEE, HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A LIEN AND SECURITY INTEREST IN FAVOR OF MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, AS INDENTURE TRUSTEE UNDER AN INDENTURE, MORTGAGE AND SECURITY AGREEMENT DATED AS OF NOVEMBER 1, 1990. TO THE EXTENT, IF ANY, THAT THIS LEASE AND INDENTURE SUPPLEMENT NO. 1 CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AND INDENTURE SUPPLEMENT NO. 1 MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. § 11303 ON DECEMBER __, 1990
AT __:__ _.M., RECORDATION NUMBER _____.

THIS LEASE AND INDENTURE SUPPLEMENT NO. 1, dated December __, 1990, among WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity but solely as Owner Trustee (the "Lessor" or the "Owner Trustee") under that certain Trust Agreement dated as of November 1, 1990 (the "Trust Agreement") with AT&T CREDIT CORPORATION, a Delaware corporation, (the "Owner Participant"), CSX TRANSPORTATION, INC., a Virginia corporation (the "Lessee") and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland trust company, not in its individual capacity but solely as Indenture Trustee (the "Indenture Trustee").

W I T N E S S E T H:

WHEREAS, the Lessor, the Lessee and the Indenture Trustee have, with the Owner Participant and the Loan Participants listed on Schedule I thereto, heretofore entered into a Participation Agreement (the "Participation Agreement"), the Lessor and the Lessee have heretofore entered into a Lease Agreement (the "Lease") and the Indenture Trustee and the Owner Trustee have heretofore entered into an Indenture, Mortgage and Security Agreement (the "Indenture"), each dated as of November 1, 1990 (capitalized terms used herein without definitions having the respective meanings set forth in Schedule X to the Lease);

WHEREAS, the Participation Agreement and the Lease provide that on the Closing Date Seller shall deliver to the Owner Trustee a Bill of Sale dated such date by which the Seller bargains, conveys, assigns, sets over, sells and delivers to the Owner Trustee, and the Owner Trustee purchases and accepts from the Seller, the Rail Equipment to be conveyed on such Closing Date, and said Bill of Sale has been delivered by the Seller and accepted by the Owner Trustee on the Closing Date;

WHEREAS, the Participation Agreement, the Lease, and the Indenture provide for the execution of a Lease and Indenture Supplement substantially in the form hereof for the purposes of leasing the Rail Equipment under the Lease as and when delivered by the Lessor to the Lessee in accordance with the terms thereof and subjecting such Rail Equipment to the Lien of the Indenture;

NOW, THEREFORE, in consideration of the premises and for good and sufficient consideration, the Lessor, the Lessee and the Indenture Trustee hereby agree as follows:

1. The Lessor hereby delivers and leases to the Lessee, and the Lessee hereby accepts and leases from the Lessor, under the Lease as hereby supplemented, the Rail Equipment listed on Schedule 1 hereto.

2. The Lessee hereby confirms to the Lessor that the Lessee has accepted such Rail Equipment for all purposes hereof and of the Lease. The date of delivery and acceptance of such Rail Equipment under the Lease is the date of this Lease and Indenture Supplement No. 1 set forth in the opening paragraph hereof. The Lease Term for such Rail Equipment shall commence on the date hereof.

3. The aggregate Lessor's Cost of the Rail Equipment leased hereunder is $12,800,000 and the amounts comprising such Lessor's Cost and the Lessor's Cost of each Unit leased hereunder are set forth on Schedule 1 hereto. The Interim Rent and Basic Rent, the Stipulated Loss Values and the Termination Values for the Rail Equipment set forth, respectively, on Schedules 2, 3 and 4 hereto shall be applicable in respect of the Rail Equipment leased hereunder on the date hereof.

4. The Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease and Indenture Supplement No. 1, (a) on the Basic Term Commencement Date to pay Interim Rent, and all or any portion of the Interim Amount required to be paid by the Lessee as a prepayment of Basic Rent, for each Unit leased hereunder as provided for in the Lease and (b) on each Payment Date to pay Basic Rent to the Lessor for each Unit leased hereunder as provided for in the Lease.

5. In order to secure the prompt payment of the principal of and Premium, if any, and interest on all of the Notes from time to time Outstanding under the Indenture and of all other amounts payable to or for the benefit of the Holders of the Notes and the Indenture Trustee under the Indenture, the Participation Agreement and the Indenture Estate Documents, and the performance and observance by the Owner Participant and the Owner Trustee of all agreements, covenants and provisions contained in the Indenture or in any other Operative Document, the Lessor has granted, conveyed, pledged, sold, mortgaged, assigned, transferred and set over a security interest unto the Indenture Trustee in (i) the Rail Equipment listed on Schedule 1 hereto and (ii) this Lease and Indenture Supplement No. 1, in each case excluding Excepted Property and Excepted Rights, to have and to hold unto the Indenture Trustee and its successors and its assigns in trust for the benefit and security for the Holders from time to time of the Notes and for its and their own use and benefit forever.

6. All of the provisions of the Lease and the Indenture are hereby incorporated by reference in this Lease and Indenture Supplement No. 1 to the same extent as if fully set forth herein.

7. This Lease and Indenture Supplement No. 1 may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

8. This Lease and Indenture Supplement No. 1 is being delivered in the State of Maryland and shall in all respects be governed by, and construed in accordance with, the laws of the State of Maryland, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Lessor, the Lessee and the Indenture Trustee have caused this Lease and Indenture Supplement No. 1 to be duly executed on the date and year set forth in the opening paragraph hereof.

Lessor/Owner Trustee

WILMINGTON TRUST COMPANY
not in its individual capacity but solely as Owner Trustee

By_____
Title:

Lessee

CSX TRANSPORTATION, INC.

By_____
Title:

Indenture Trustee

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY
not in its individual capacity but solely as Indenture Trustee

By_____
Title:

ATTEST:

By_____
Title:

[Corporate Seal]

Receipt of this original counterpart of this Lease and Indenture Supplement No. 1 is hereby acknowledged this day of December __, 1990.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY
as Indenture Trustee

ATTEST:

By_____
Title:

By_____
Title:

2230/BLUCRP

STATE OF DELAWARE)
) ss.:
COUNTY OF NEWCASTLE)

On this __ day of December, 1990, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is _____ of Wilmington Trust Company, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission Expires:

[Notary Seal]

2230/BLUCRP

STATE OF MARYLAND)
) ss.:
CITY OF BALTIMORE)

On this ____ day of December, 1990, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is _____ of CSX Transportation, Inc., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission Expires:

[Notary Seal]

STATE OF MARYLAND)
) ss.:
COUNTY OF BALTIMORE)

On this ____ day of December, 1990, before me personally appeared _____, to be personally known, who, being by me duly sworn, says that he is _____ of Mercantile-Safe Deposit and Trust Company, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission Expires:

[Notary Seal]

SCHEDULE 1

SCHEDULE OF RAIL EQUIPMENT TO BE DELIVERED

Description: General Motors SD-40-2 Locomotives (Remanufactured by Morrison-Knudsen)

Quantity: 16

Road Numbers: CSXT 8473 through CSXT 8488

Lessor's Cost Per Unit: $800,000

Aggregate Lessor's Cost: $12,800,000

SCHEDULE 2
to
Lease and Indenture
Supplement No. 1

BASIC RENT

Payment Date	Percentage of Lessor's Cost

SCHEDULE 3
to
Lease and Indenture
Supplement No. 1

STIPULATED LOSS VALUE

If the event giving rise to an obligation to pay Stipulated Loss Value occurs and the actual date as of which the Owner Participant shall incur Federal or state income tax consequences (including any interest and penalties payable in respect thereof) shall be earlier or later than the date assumed in calculating the applicable Stipulated Loss Value, such Stipulated Loss Value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the same assumptions used to calculate the following values. In any case where Stipulated Loss Value shall be payable, there shall be added to the amount determined pursuant to the following schedule the amount of Premium, if any, payable in respect of the Notes.

Notwithstanding any provision in the Lease to the contrary, the parties hereto acknowledge and agree that the following table of Stipulated Loss Value percentages has been calculated without regard to payment of Basic Rent as of the applicable Payment Date. Accordingly, during the Basic Term, if the payment of Stipulated Loss Value in respect of a Unit is payable on a Payment Date when Basic Rent is payable in arrears, the Lessee shall also pay the Basic Rent with respect to such Unit due on the applicable Payment Date, but only to the extent that such Basic Rent is payable in arrears; and if the payment of Stipulated Loss Value in respect of a Unit is payable on a Payment Date when Basic Rent is payable in advance, the Lessee shall not be obligated to pay Basic Rent in respect to such Unit on such Payment Date.

The Stipulated Loss Value set forth in this Schedule 2 shall be applicable in respect of the Rail Equipment leased hereunder on the date hereof.

Payment Date	Percentage of Lessor's Cost

SCHEDULE 4
to
Lease and Indenture
Supplement No. 1

TERMINATION VALUE

If the event giving rise to an obligation to pay Termination Value occurs and the actual date as of which the Owner Participant shall incur Federal or state income tax consequences (including any interest and penalties payable in respect thereof) shall be earlier or later than the date assumed in calculating the applicable Termination Value, such Termination Value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the same assumptions used to calculate the following values. In any case where Termination Value shall be payable, there shall be added to the amount determined pursuant to the following schedule the amount of any Premium, if any, payable in respect of the Notes.

Notwithstanding any provision in the Lease to the contrary, the parties hereto acknowledge and agree that the following table of Termination Value percentages has been calculated without regard to payment of Basic Rent as of the applicable Payment Date. Accordingly, during the Basic Term, if the payment of Termination Value in respect of a Unit is payable on a Payment Date when Basic Rent is payable in arrears, the Lessee shall also pay the Basic Rent with respect to such Unit due on the applicable Payment Date, but only to the extent that such Basic Rent is payable in arrears; and if the payment of Termination Value in respect of a Unit is payable on a Payment Date when Basic Rent is payable in advance, the Lessee shall not be obligated to pay Basic Rent in respect to such Unit on such Payment Date.

The Termination Value set forth in this Schedule 3 shall be applicable in respect of the Rail Equipment leased hereunder on the date hereof.

Payment Date	Percentage of Lessor's Cost